

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 27 2004

IN THE MATTER OF:

THE APPLICATION OF THE NORTH MARSHALL
WATER DISTRICT FOR APPROVAL OF A
PROPOSED INCREASE IN RATES FOR WATER
SERVICE

)
) CASE NO. ~~2004-00028~~
) 2004-00028
)

STATEMENT AND NOTICE

North Marshall Water District ("North Marshall"), by counsel, pursuant to KRS 278.180 and KRS 278.190, hereby petitions the Commission for approval of a proposed increase in its water rates and charges. In support of its application, North Marshall respectfully states as follows:

1. North Marshall is a non-profit water district that has been engaged in the treatment, distribution and sale of water. It currently provides water service to approximately 4,841 customers in Marshall County and Livingston County, Kentucky. Marshall County is organized under KRS Chapter 74, and its articles of incorporation and amendments are attached to this application as Exhibit 10. North Marshall's principal office, place of business, and mailing address is 56 Frankfort Road, Benton, Kentucky 42025.

2. The proposed increase in the rates and charges is necessary for North Marshall to meet its operating expenses, to maintain financial viability, to cover its debt service, and to continue to provide adequate service.

3. As authorized by KRS 278.192(1), and for the purpose of justifying the reasonableness of the proposed general increase in rates, North Marshall has utilized

an historical test period consisting of the twelve (12) consecutive calendar months ending December 31, 2002.

4. North Marshall's annual reports are on file with the Public Service Commission as required by 807 KAR 5:006, Section 3(1).

5. North Marshall hereby gives notice to the Public Service Commission of the adjustment of its rates to those rates set forth in Exhibit No. 1 in the filing requirements. The proposed rates will become effective on and after March 1, 2004 and will result in increased annual revenues of \$146,051, which is an increase of 15.24 percent over normalized revenues from water sales of \$958,456.

6. The proposed tariffs (Exhibit No. 1) are shown in comparative form on the same sheets, side by side, and those comparative sheets are identified as Exhibit No. 2 in the filing requirements.

7. North Marshall has complied with 807 KAR 5:011, Section 9, (2) and 807 KAR 5:001, Section 10, (3) and (4), by delivering to newspapers of general circulation in its service area a copy of the Notice identified as Exhibit No. 8 in the filing requirements, for publishing once a week for three consecutive weeks in a prominent manner, the first of said publications to be made no later than seven (7) days after January 16, 2004.

8. A copy of this filing has been mailed to the Utility Intervention and Rate Division of the Attorney General's office of the Commonwealth of Kentucky.

9. As required by 807 KAR 5:001, Section 10, (4), (f), North Marshall will post a copy of its Customer Notices (Exhibit No. 8) at its place of business on January 21, 2004 and it will remain posted until the Public Service Commission has determined North Marshall's rates.

10. The list of the documents filed in support of North Marshall's application for approval of the proposed adjustment of rates or the explanation for their absence is contained in the Filing Requirement Index.

WHEREFORE, the Applicant, North Marshall Water District requests that the Public Service Commission of Kentucky grant to the Applicant its proposal to increase its rates and charges as set forth in this Petition.

Dated at Benton, Kentucky this 1-21-04.

NORTH MARSHALL WATER DISTRICT

By R. W. Darnell
Chairman

LAW FIRM OR ATTORNEY

By Jeffrey C. Edwards
Jeffrey C. Edwards
Marshall County Attorney
80 Judicial Drive, Unit 130
Benton, Kentucky 42025
(270) 527-4730

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 8(1)	Full name and P. O. address of applicant and reference to the particular provision of law requiring PSC approval.	Application – Page No. 1.
807 KAR 5:001 Section 8(2)	The original and 10 copies of application plus copy for anyone named as interested party.	The correct number of applications has been filed.
807 KAR 5:001 Section 10(1)(b)(1)	Reason adjustment is required.	Application – Page No. 1.
807 KAR 5:001 Section 10(1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3(1)	Application – Page No. 2.
807 KAR 5:001 Section 10(1)(b)(3) & (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	Exhibit No. 10
807 KAR 5:001 Section 10(1)(b)(4) & (5)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A – North Marshall is not a limited partnership.
807 KAR 5:001 Section 10(1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	N/A – North Marshall has never used an assumed name.
807 KAR 5:001 Section 10(1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	Exhibit No. 1.
807 KAR 5:001 Section 10(1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Exhibit No. 2.
807 KAR 5:001	Statement that notice given, see subsections (3) and (4) of	Application – Page No. 2.

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Section 10(1)(b)(9) 807 KAR 5:001 Section 10(2)	807 KAR 5:001, Section 10 with copy. If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Exhibit No. 8. NA – Gross annual revenues for 2002 do not exceed \$1,000,000.
807 KAR 5:001 Section 10 (6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	Exhibit No. 4.
807 KAR 5:001 Section 10 (6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	Commission Staff assisted with the application and therefore North Marshall does not intend to submit prepared testimony.
807 KAR 5:001 Section 10 (6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Application – Page No. 2.
807 KAR 5:001 Section 10 (6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Exhibit No. 7 (Cost-of-Service Study).
807 KAR 5:001 Section 10 (6)(f)	If local exchange company, effect upon the average bill for 807 each customer class for change in basic local service.	N/A – North Marshall is a Water District.
807 KAR 5:001 Section 10 (6)(g)	Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Exhibit No 5.
807 KAR 5:001 Section 10 (6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.	Exhibit No. 4.

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Historical Test Period Rate Case**

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807 KAR 5:001 Section 10 (6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	N/A – Revenue Requirement reflects Debt Service.
807 KAR 5:001 Section 10 (6)(j):	Current chart of accounts if more detailed than the Uniform System of Accounts.	Not applicable
807 KAR 5:001 Section 10 (6)(k)	Independent auditor's annual opinion report, with any written communication from auditor, which indicates existence of material weakness in internal controls.	The 2002 Audit Report is attached as Exhibit 9.
807 KAR 5:001 Section 10 (6)(l):	The most recent FERC or FCC audit reports.	N/A – North Marshall is a Water District
807 KAR 5:001 Section 10 (6)m	The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	N/A – North Marshall is a Water District
807 KAR 5:001 Section 10 (6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	Exhibit No. 6.
807 KAR 5:00 Section 10 (6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	Excel Word
807 KAR 5:001 Section 10 (6)(p)	Prospectuses of most recent stock or bond offerings.	N/A – North Marshall is a Water District
807 KAR 5:001 Section 10 (6)(q)	Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing	N/A – North Marshall is a Water District

**Filing Requirement Index
Historical Test Period Rate Case**

**Filing Requirement
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	date.	
807 KAR 5:001 Section 10 (6)(r)	Monthly managerial reports providing financial results for 12 months in test period.	Attached as Exhibit 11.
807 KAR 5:001 Section 10 (6)(s)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	N/A – North Marshall is a Water District
807 KAR 5:001 Section 10 (6)(t)	<p>If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file:</p> <ol style="list-style-type: none"> 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment; 2. Explanation of how allocator for the test period was determined; and 3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable; 	N/A – There are no affiliate allocations.

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807 KAR 5:001 Section 10 (6)(u)	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	Exhibit No. 7.
807 KAR 5:001 Section 10 (6)(v)	<p>Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file:</p> <ol style="list-style-type: none"> 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies to support pricing of all services that generate annual revenue greater than \$1,000,000, except local exchange access: <ol style="list-style-type: none"> (a) Based on current and reliable data from a single time period; and (b) Using generally recognized fully allocated, embedded, or incremental cost principles. 	N/A – North Marshall is a Water District
807 KAR 5:001 Section 10 (7)(a) 807 KAR 5:001 Section 10 (7)(b)	<p>Detailed income statement and balance sheet reflecting impact of all proposed adjustments</p> <p>Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.</p>	<p>Exhibit No. 3.</p> <p>NA – North Marshall is not proposing any pro forma adjustment for plant additions.</p>

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<p>807 KAR 5:001 Section 10 (7)(c)</p>	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> 1. Starting date of the construction of each major component of plant; 2. Proposed in-service date; 3. Total estimated cost of construction at completion; 4. Amount contained in construction work in progress at end of test period; 5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement; 6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions; 7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and 8. Impact on depreciation expense of all proposed pro 	<p>NA – North Marshall is not proposing any pro forma adjustment for plant additions.</p>
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**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements

Filing Requirement Description

Location or Absence Reason

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(e)	forma adjustments for plant additions and retirements; Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	Exhibit No. 4.

Exhibit Index

<u>Exhibit Title</u>	<u>Number</u>
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EXHIBIT INDEX

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FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

NORTH MARSHALL WATER DISTRICT
(Name of Utility)

CONTENTS

Bimonthly Water Rates

Customer Charge

5/8" X 3/4" Meter	\$ 10.84
1" Meter	17.12
1 1/2" Meter	27.61
2" Meter	40.20
3" Meter	69.56
4" Meter	111.51
6" Meter	216.37

All Water Usage

\$2.21 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____



FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

NORTH MARSHALL WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CONTENTS

Bimonthly Water Rates

Customer Charge

Customer Charge

5/8" X 3/4" Meter	\$ 9.41	5/8" X 3/4" Meter	\$ 10.84
1" Meter	14.86	1" Meter	17.12
1 1/2" Meter	23.96	1 1/2" Meter	27.61
2" Meter	34.88	2" Meter	40.20
3" Meter	60.36	3" Meter	69.56
4" Meter	96.76	4" Meter	111.51
6" Meter	187.76	6" Meter	216.37
All Water Usage	\$1.92 per 1,000 gallons	All Water Usage	\$2.21 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR Benton, Kentucky
Community, Town or City

P.S.C. KY. NO. 4

Original SHEET NO. 5

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

North Marshall Water District
(Name of Utility)

RULES AND REGULATIONS

A. BIMONTHLY RATES:

Customer Charge:

5/8" x 3/4" Meter	\$ 9.41
1" Meter	14.86
1 1/2" Meter	23.96
2" Meter	34.88
3" Meter	60.36
4" Meter	96.76
6" Meter	187.76

All Water Usage: \$1.92 per 1,000 gallons

DATE OF ISSUE December 26, 2001
Month / Date / Year

DATE EFFECTIVE February 02, 2002
Month / Date / Year

ISSUED BY B.W. Darnell
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

FEB 01 2002

PURSUANT TO KRS 601.1,
SECTION 9 (1)
BY: Stephan D. Bell
SECRETARY OF THE COMMISSION



NORTH MARSHALL WATER DISTRICT

BALANCE SHEETS
December 31, 2002 and 2001

<u>ASSETS</u>	<u>2002</u>	<u>2001</u>
Property & Equipment		
Utility plant	\$ 7,913,271	\$ 7,744,842
Less: Accumulated depreciation	<u>3,210,904</u>	<u>3,010,103</u>
Book Value of Utility Plant	<u>\$ 4,702,367</u>	<u>\$ 4,734,739</u>
Restricted Assets (Note 2)		
Cash and cash equivalents	\$ 137,025	\$ 176,725
Investments	<u>289,343</u>	<u>285,839</u>
Total Restricted Assets	<u>\$ 426,368</u>	<u>\$ 462,564</u>
Current Assets		
Cash and cash equivalents	\$ 87,281	\$ 72,832
Accounts receivable, less allowance for doubtful accounts 2002 \$3,000; 2001 \$4,283	144,323	131,581
Other current assets	<u>8,850</u>	<u>7,822</u>
Total Current Assets	<u>\$ 240,454</u>	<u>\$ 212,235</u>
Intangible, unamortized debt discount and expense	<u>\$ 21,365</u>	<u>\$ 24,239</u>
 TOTAL ASSETS	 <u>\$ 5,390,554</u>	 <u>\$ 5,433,777</u>

See Notes to Financial Statements

<u>LIABILITIES AND CAPITAL</u>	<u>2002</u>	<u>2001</u>
Capital		
Retained earnings	\$ 2,011,585	\$ 2,025,144
Contributions in aid of construction	<u>1,939,468</u>	<u>1,862,061</u>
Total Capital	<u>\$ 3,951,053</u>	<u>\$ 3,887,205</u>
Long-Term Debt		
Series B bonds (Note 3)	\$ 190,000	\$ 290,000
Note payable, less current maturities (Note 4)	<u>1,073,161</u>	<u>1,138,247</u>
Total Long-Term Debt	<u>\$ 1,263,161</u>	<u>\$ 1,428,247</u>
Liabilities to be Paid from Restricted Assets		
Current portion of long-term debt	\$ 78,508	\$ 73,949
Accrued interest on long-term debt	1,657	2,508
Customers' deposits	<u>22,190</u>	<u>20,133</u>
Total Liabilities to be paid from Restricted Assets	<u>\$ 102,355</u>	<u>\$ 96,590</u>
Current Liabilities		
Accounts payable	\$ 65,687	\$ 10,471
Accrued liabilities	<u>8,298</u>	<u>11,264</u>
Total Current Liabilities	<u>\$ 73,985</u>	<u>\$ 21,735</u>
TOTAL LIABILITES AND CAPITAL	<u>\$ 5,390,554</u>	<u>\$ 5,433,777</u>

Exhibit No. 3
North Marshall Water District
Detailed Income Statement and Balance Sheet Reflecting
Impact of All Proposed Adjustments

2002 Income Statement (with all proposed adjustments)			
	2002	Adjustments	Adjusted
Operating Revenues:			
Water Service	\$937,260	(\$16,678)	\$1,066,633
Sales For Resale	9,949	\$146,051	0
Forfeited Discounts	16,482	(9,949)	\$16,482
Miscellaneous Revenue	21,392		21,392
Total Operating Revenues	<u>\$985,083</u>	<u>\$119,424</u>	<u>\$1,104,507</u>
Operating Expenses			
Employee Salaries	\$219,389	\$7,411	\$226,800
Officer Salaries	30,000	0	30,000
Employee Pensions	81,969	(22,020)	59,949
Purchased power	101,495	(5,945)	95,550
Chemicals	9,969	(624)	9,345
Materials/Supplies	61,529	0	61,529
Contractual Serv.-Acct	4,560	0	4,560
Contractual Serv.-Other	120,773	8,600	129,373
Rental of building	600	0	600
Insurance-Liability	24,357	5,043	29,400
Advertising expense	2,409	0	2,409
Bad debts	2,792	0	2,792
Miscellaneous expense	18,456	6,349	24,805
Depreciation	200,801	1,087	201,888
Amortization	0	2,933	2,933
Taxes Other Than Income	23,126	(591)	22,535
Total Operating Expenses	<u>\$913,303</u>	<u>\$2,243</u>	<u>\$915,546</u>
Operating Income	<u>\$71,780</u>	<u>\$117,181</u>	<u>\$188,961</u>
Other Income (Expense)			
Interest Income	7,991	(\$6,633)	1,358
Interest Expense	(85,456)	29,008	(56,448)
Amortization	(2,874)	0	(2,874)
Loss on Early Bond Retirement	(5,000)	0	(5,000)
Net Income (Loss)	<u>(\$13,559)</u>	<u>\$139,556</u>	<u>\$125,997</u>



N. Marshall WD Proforma – Exhibit 4	2002	Adjustments	Notes	Adjusted
Metered Sales	\$937,260	(\$16,678)	(a)	\$920,582
Sales for Resale	\$9,949	(\$9,949)	(b)	0
Forfeited Discounts	\$16,482	0		\$16,482
Miscellaneous Rev.	\$21,392	0		\$21,392
Tot. Op. Revenues	\$985,083	(\$26,627)		\$958,456
Employee Salaries	\$219,389	\$7,411	(c)	\$226,800
Officer Salaries	\$30,000	0		\$30,000
Employee Pensions	\$81,969	(\$22,020)	(d)	\$59,949
Purchased Water	0	0		0
Purchased Power	\$101,495	(\$5,945)	(e)	\$95,550
Chemicals	\$9,969	(\$624)	(f)	\$9,345
Materials/Supplies	\$61,529	0		\$61,529
Contract. Serv.-Acct.	\$4,560	0		\$4,560
Contract. Serv.-Other	\$120,773	(\$8,800) \$17,400	(g)	\$129,373
Rental of Bldg.	\$600	0		\$600
Transportation Exp.	\$11,078	0		\$11,078
Insurance-Liability	\$24,357	\$5,043	(h)	\$29,400
Advertising Exp.	\$2,409	0		\$2,409
Bad Debt Expense	\$2,792	0		\$2,792
Misc. Exp.	\$18,456	\$6,349	(i)	\$24,805
<i>Tot. Water Util. Exp.</i>	<i>\$689,376</i>	<i>(\$1,186)</i>		<i>\$688,190</i>
Depreciation Exp.	\$200,801	\$1,087	(j)	\$201,888
Amortization Exp.	0	\$2,933	(k)	\$2,933
Taxes OT Income	\$23,126	(\$591)	(l)	\$22,535
Total Op. Expenses	\$913,303	\$2,243		\$915,546
Total Operating Income	\$71,780	(\$28,870)		\$42,910

Revenue Requirement Calculation	
Proforma Operating Expenses	\$915,546
Debt Service Coverage (see below)	\$190,319
Revenue Requirement	\$1,105,865
Less Normalized Revenue	(\$958,456)
Less Unrestricted Interest Income	(\$1,358)
Required Increase (15.24%)	\$146,051

Calculation of Debt Service Coverage:

	Principal	Interest	Serv. Fee	Total
KIA Note				
2004	\$83,018	\$51,948	\$2,230	\$137,196
2005	\$86,412	\$47,232	\$2,061	\$135,705
2006	\$90,883	\$42,929	\$1,884	\$135,696
			3-yr. Avg.	\$136,199
			X 1.1 DSC	\$149,819
1966 Series B Bonds				
2004	0	\$4,500		\$4,500
2005	0	\$4,500		\$4,500
2006	\$90,000	\$2,250		\$92,250
			3-yr. Avg.	\$33,750
			X 1.2 DSC	\$40,500
			KIA DSC	\$149,819
			Total	\$190,319

Explanatory Notes:

- (a) Revenue adjustment based upon Commission Staff's billing analysis.
- (b) Sales for resale are not expected to recur.
- (c) Test period Employee Salaries Expense has been adjusted to reflect current employee levels and wage rates, as well as increased overtime, resulting in an adjustment of \$7,411.
- (d) Employee Pensions and Benefits Expense has been decreased by \$22,020 to reflect a proforma expense of \$59,949. This reflects the present benefits for the existing workforce, including a policy change which now requires employees to pay 25% of the premium for family health insurance coverage.
- (e) Purchased Power Expense has been reduced by \$5,945 because of excess water line loss of 21.62% during 2002. The Commission normally allows a maximum of 15% line loss for ratemaking purposes. The adjustment was determined as follows:

Line Loss Calculation	2002	%	Normalized	%
Total Water Produced and Sold	476,614	100%	449,027.290	100%
Sales	345,018	72.39%	325,050.860	72.39%
Other Use	28,532	5.99%	26,897.000	5.99%
Subtotal	373,550	78.38%	351,947.860	78.38%
Line Loss	103,064	21.62%	97,079.430	21.62%
Allowable Line Loss in Th. Gallons(15%)	71,506	15.00%	67,354.093	15.00%
Excess Line Loss Th. Gallons	31,558	6.62%	29,725.337	6.62%

Purchased Power Adjustment	2002	Normalized
Treatment Plt. Purchased Pwr. Exp.	\$96,127	
Divide by 1,000 gallons produced	476,614	
Purch. Power Cost per 1,000 Gal.	\$0.20	\$0.20
X Excess Line Loss Th. Gallons	31,558	29,725.337
Purch. Power Adjustment		\$5,945

(f) Chemicals Expense has been reduced by \$624 because of excess water line loss of 21.62% during 2002. The adjustment was determined as follows:

Chemicals Adjustment	2002	Normalized
Reported Chemicals Expense	\$9,969	
Divide by 1,000 Gallons Produced	476,614	
Chem. Cost for 1,000 Gallons	\$.021	\$.021
X Excess Line Loss Gallons	31,558	29,725.337
Chemicals Adjustment	\$662	\$624

(g) Contract Services – Other Expense was adjusted for two reasons. The first was to remove the following nonrecurring expenses of \$8,800:

Date	McCoy Water Tests	Amount
4/26	SOCs and VOCs Plant 1	\$1,760
4/26	SOCs and VOCs Plant 2	\$1,760
6/7	Unregulated Contam. Study	\$1,155
12/11	SOCs	\$1,485
12/11	SOCs	\$1,485
12/11	Unregulated Contam. Study	\$1,155
Total		\$8,800

The second adjustment was to increase expenses by \$17,400 to reflect the hiring of contract meter readers, an expense of \$2,900 every 2 months, or \$17,400 on an annual basis.

- (h) Liability Insurance Expense was increased by \$5,043 to reflect current insurance premiums.
- (i) Miscellaneous Expense was increased by \$6,349 to reflect increased proforma leak adjustment expenses associated with service to Kentucky Dam Village State Resort Park.
- (j) Depreciation Expense was increased by \$1,087 to reflect a full year's depreciation on plant added during 2002.
- (k) Amortization Expense was increased by \$2,933 to provide for a 3-year recovery for the nonrecurring water tests costing \$8,800, as discussed above.
- (l) Taxes Other Than Income Taxes were reduced by \$591 to reflect a proforma expense of \$22,535. This includes the PSC assessment of \$1,882 and payroll taxes of \$19,645 ($7.65\% \times \$256,000$ of Employee and Officer Salaries).



Total Revenue Required from Rates	\$1,066,633.00
Less: Total Revenue generated from customer charges:	<u>332,335.09</u>
	\$ 724,297.91

Calculation of Volumetric Rate:

$\$724,297.91 / (331,155,660 / 1000) = \$ 2.19 / 1000$ gallons

Rounding to achieve 15.24% in fixed meter charge and usage rates = \$ 0.02/1000 gallons

BILLING ANALYSIS FOR:			
TEST PERIOD FROM			
USAGE TABLE			
METER SIZE: 1"			
CLASS:			
USAGE	BILLS	GALLONS	8000000
	1,273	27,292,200	

TOTAL	1,273	27,292,200	0

REVENUE TABLE			
REVENUE BY RATE INCREMENT			
	BILLS	GALLONS	RATE
Monthly Meter Chrg	1,273		\$17.12
		27,292,200	2.21
			REVENUE
			\$21,793.76
			60,315.76

TOTAL	1,273	27,292,200	\$82,109.52

BILLING ANALYSIS FOR:									
TEST PERIOD FROM									
USAGE TABLE									
METER SIZE: 1 1/2"									
CLASS:									
USAGE	BILLS	GALLONS	8000000						TOTAL
	154	14,459,900							0

TOTAL	154	14,459,900							0

REVENUE TABLE									
REVENUE BY RATE INCREMENT									
	BILLS	GALLONS	RATE	REVENUE					
Monthly Meter Charge	154		\$27.61	\$4,251.94					
		14,459,900	2.21	31,956.38					

TOTAL	154	14,459,900		\$36,208.32					

BILLING ANALYSIS FOR:									
TEST PERIOD FROM									
USAGE TABLE									
METER SIZE: 4"									
CLASS:									
USAGE	BILLS	GALLONS	2000000						TOTAL
	3	474,700							0

TOTAL	3	474,700							0

REVENUE TABLE									
REVENUE BY RATE INCREMENT									
	BILLS	GALLONS	RATE	REVENUE					
Monthly Meter Charg	3	474,700	\$111.51	\$334.53					
			2.21	1,049.09					

TOTAL	3	474,700		\$1,383.62					

NORTH MARSHALL WATER DISTRICT			
BILLING ANALYSIS SUMMARY			
Meter Size	Bills	Useage	Revenue
3/4 Inch Meter	28,300	258,830,860	\$878,788.20
1 Inch Meter	1273	27,292,200	\$82,109.52
1.5 Inch Meter	154	14,459,900	\$36,208.32
2 Inch Meter	120	12,152,000	\$31,679.92
3 Inch Meter	44	12,110,500	\$29,824.85
4 Inch Meter	3	474,700	\$1,383.62
6 Inch Meter	6	5,835,500	\$14,194.68
Totals	29,900	331,155,660	\$1,074,189.10



CURRENT RATES

PROPOSED RATES

	\$9.41	Customer Charge			\$10.84	Customer Charge
All Water Usage	1.92	per 1,000 gallons		All Water Usage	2.21	per 1,000 gallons

**COMPARISON OF RATES AT
DIFFERENT USAGE LEVELS
FOR 5/8" METER**

	BI-MONTHLY BILL AT CURRENT RATE		BI-MONTHLY BILL AT PROPOSED RATE	PERCENT INCREASE OVER CURRENT
0 USAGE	\$9.41		\$10.84	15.2%
2,000	\$13.25		\$15.26	15.2%
5,000	\$19.01		\$21.89	15.1%
10,000	\$28.61		\$32.94	15.1%
20,000	\$47.81		\$55.04	15.1%
30,000	\$67.01		\$77.14	15.1%
50,000	\$105.41		\$121.34	15.1%
75,000	\$153.41		\$176.59	15.1%
100,000	\$201.41		\$231.84	15.1%
150,000	\$297.41		\$342.34	15.1%
200,000	\$393.41		\$452.84	15.1%
500,000	\$969.41		\$1,115.84	15.1%

Note: Average customer (10,000 gallons) bill will increase from \$28.61 to \$32.94 (15.1%)

CURRENT RATES

PROPOSED RATES

\$14.86 Customer Charge
1.92 per 1,000 gallons

\$17.12 Customer Charge
2.21 per 1,000 gallons

All Water Usag

All Water Usage

**COMPARISON OF RATES AT
DIFFERENT USAGE LEVELS
FOR 1" METER**

	BI-MONTHLY BILL AT CURRENT RATE		BI-MONTHLY BILL AT PROPOSED RATE	PERCENT INCREASE OVER CURRENT
0 USAGE	\$14.86		\$17.12	15.2%
2,000	\$18.70		\$21.54	15.2%
5,000	\$24.46		\$28.17	15.2%
10,000	\$34.06		\$39.22	15.1%
20,000	\$53.26		\$61.32	15.1%
30,000	\$72.46		\$83.42	15.1%
50,000	\$110.86		\$127.62	15.1%
75,000	\$158.86		\$182.87	15.1%
100,000	\$206.86		\$238.12	15.1%
150,000	\$302.86		\$348.62	15.1%
200,000	\$398.86		\$459.12	15.1%
500,000	\$974.86		\$1,122.12	15.1%

Note: Average customer (10,000 gallons) bill will increase from \$34.06 to \$39.22 (15.1%)

CURRENT RATES			PROPOSED RATES		
	\$60.36	Customer Charge		\$69.56	Customer Charge
All Water Usage	1.92	per 1,000 gallons	All Water Usage	2.21	per 1,000 gallons
COMPARISON OF RATES AT DIFFERENT USAGE LEVELS FOR 3" METER					
	BI-MONTHLY			BI-MONTHLY	PERCENT
	BILL AT			BILL AT	INCREASE
BI-MONTHLY	CURRENT		BI-MONTHLY	PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>		<u>USAGE</u>	<u>RATE</u>	<u>CURRENT</u>
0 USAGE	\$60.36			\$69.56	15.2%
2,000	\$64.20			\$73.98	15.2%
5,000	\$69.96			\$80.61	15.2%
10,000	\$79.56			\$91.66	15.2%
20,000	\$98.76			\$113.76	15.2%
30,000	\$117.96			\$135.86	15.2%
50,000	\$156.36			\$180.06	15.2%
75,000	\$204.36			\$235.31	15.1%
100,000	\$252.36			\$290.56	15.1%
150,000	\$348.36			\$401.06	15.1%
200,000	\$444.36			\$511.56	15.1%
500,000	\$1,020.36			\$1,174.56	15.1%
Note: Average customer (10,000 gallons) bill will increase from \$79.56 to \$91.66 (15.2%)					

CURRENT RATES

PROPOSED RATES

\$187.76 Customer Charge
1.92 per 1,000 gallons

\$216.37 Customer Charge
2.21 per 1,000 gallons

**COMPARISON OF RATES AT
DIFFERENT USAGE LEVELS
FOR 6" METER**

BI-MONTHLY
BILL AT

BI-MONTHLY
BILL AT

PERCENT
INCREASE

BI-MONTHLY
CURRENT
USAGE RATE

PROPOSED
RATE

OVER
CURRENT

0 USAGE	\$187.76	\$216.37	15.2%
2,000	\$191.60	\$220.79	15.2%
5,000	\$197.36	\$227.42	15.2%
10,000	\$206.96	\$238.47	15.2%
20,000	\$226.16	\$260.57	15.2%
30,000	\$245.36	\$282.67	15.2%
50,000	\$283.76	\$326.87	15.2%
75,000	\$331.76	\$382.12	15.2%
100,000	\$379.76	\$437.37	15.2%
150,000	\$475.76	\$547.87	15.2%
200,000	\$571.76	\$658.37	15.1%
500,000	\$1,147.76	\$1,321.37	15.1%

Note: Average customer (10,000 gallons) bill will increase from \$206.96 to \$238.47 (15.2%)



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Bi-Monthly Rate:

<u>Current</u>		<u>Proposed</u>	
Customer Charge		Customer Charge	
5/8" X 3/4" Meter	9.41	5/8" X 3/4" Meter	10.84
1" Meter	14.86	1" Meter	17.12
1 1/2" Meter	23.96	1 1/2" Meter	27.61
2" Meter	34.88	2" Meter	40.20
3" Meter	60.36	3" Meter	69.56
4" Meter	96.76	4" Meter	111.51
6" Meter	187.76	6" Meter	216.37
All Water Usage	1.92 per 1,000 gallons	All Water Usage	2.21 per 1,000 gallons

	BI-MONTHLY		BI-MONTHLY	PERCENT
	BILL AT		BILL AT	INCREASE
BI-MONTHLY	CURRENT	PROPOSED	OVER	
<u>USAGE</u>	<u>RATE</u>	<u>RATE</u>	<u>CURRENT</u>	
0 USAGE	\$9.41	\$10.84		15.2%
2,000	13.25	15.26		15.2%
5,000	19.01	21.89		15.1%
10,000	28.61	32.94		15.1%
20,000	47.81	55.04		15.1%
30,000	67.01	77.14		15.1%
50,000	105.41	121.34		15.1%
75,000	153.41	176.59		15.1%
100,000	201.41	231.84		15.1%
150,000	297.41	342.34		15.1%
200,000	393.41	452.84		15.1%
500,000	969.41	1115.84		15.1%

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Customer Charge		Customer Charge	
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1" Meter	14.86	1" Meter	17.12
1 1/2" Meter	23.96	1 1/2" Meter	27.61
2" Meter	34.88	2" Meter	40.20
3" Meter	60.36	3" Meter	69.56
4" Meter	96.76	4" Meter	111.51
6" Meter	187.76	6" Meter	216.37
All Water Usage	1.92 per 1,000 gallons	All Water Usage	2.21 per 1,000 gallons

<u>BI-MONTHLY</u>	<u>BI-MONTHLY</u>	<u>PERCENT</u>
<u>USAGE</u>	<u>BILL AT</u>	<u>INCREASE</u>
<u>USAGE</u>	<u>CURRENT</u>	<u>OVER</u>
<u>USAGE</u>	<u>RATE</u>	<u>CURRENT</u>
0 USAGE	\$14.86	\$17.12 15.2%
2,000	18.70	21.54 15.2%
5,000	24.46	28.17 15.2%
10,000	34.06	39.22 15.1%
20,000	53.26	61.32 15.1%
30,000	72.46	83.42 15.1%
50,000	110.86	127.62 15.1%
75,000	158.86	182.87 15.1%
100,000	206.86	238.12 15.1%
150,000	302.86	348.62 15.1%
200,000	398.86	469.12 15.1%
500,000	974.86	1122.12 15.1%

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	BI-MONTHLY	BI-MONTHLY	PERCENT
	BILL AT	BILL AT	INCREASE
BI-MONTHLY	CURRENT	PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>	<u>RATE</u>	<u>CURRENT</u>
0 USAGE	\$23.96	\$27.61	15.2%
2,000	27.80	32.03	15.2%
5,000	33.56	38.66	15.2%
10,000	43.16	49.71	15.2%
20,000	62.36	71.81	15.2%
30,000	81.56	93.91	15.1%
50,000	119.96	138.11	15.1%
75,000	167.96	193.36	15.1%
100,000	215.96	248.61	15.1%
150,000	311.96	359.11	15.1%
200,000	407.96	469.61	15.1%
500,000	983.96	1132.61	15.1%

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<u>BI-MONTHLY</u>	<u>BI-MONTHLY</u>	<u>PERCENT</u>
<u>BILL AT</u>	<u>BILL AT</u>	<u>INCREASE</u>
<u>BI-MONTHLY</u>	<u>PROPOSED</u>	<u>OVER</u>
<u>USAGE</u>	<u>RATE</u>	<u>CURRENT</u>
0 USAGE	\$34.88	\$40.20 15.3%
2,000	38.72	44.62 15.2%
5,000	44.48	51.25 15.2%
10,000	54.08	62.30 15.2%
20,000	73.28	84.40 15.2%
30,000	92.48	106.50 15.2%
50,000	130.88	150.70 15.1%
75,000	178.88	205.95 15.1%
100,000	226.88	261.20 15.1%
150,000	322.88	371.70 15.1%
200,000	418.88	482.20 15.1%
500,000	994.88	1145.20 15.1%

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	BILL AT	BILL AT	INCREASE
BI-MONTHLY	CURRENT	PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>	<u>RATE</u>	<u>CURRENT</u>
0 USAGE	\$60.36	\$69.56	15.2%
2,000	64.20	73.98	15.2%
5,000	69.96	80.61	15.2%
10,000	79.56	91.66	15.2%
20,000	98.76	113.76	15.2%
30,000	117.96	135.86	15.2%
50,000	156.36	180.06	15.2%
75,000	204.36	235.31	15.1%
100,000	252.36	290.56	15.1%
150,000	348.36	401.06	15.1%
200,000	444.36	511.56	15.1%
500,000	1020.36	1174.56	15.1%

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	BILL AT	BILL AT	INCREASE
BI-MONTHLY	CURRENT	PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>	<u>RATE</u>	<u>CURRENT</u>
0 USAGE	\$96.76	\$111.51	15.2%
2,000	100.60	115.93	15.2%
5,000	106.36	122.56	15.2%
10,000	115.96	133.61	15.2%
20,000	135.16	155.71	15.2%
30,000	154.36	177.81	15.2%
50,000	192.76	222.01	15.2%
75,000	240.76	277.26	15.2%
100,000	288.76	332.51	15.2%
150,000	384.76	443.01	15.1%
200,000	480.76	553.51	15.1%
500,000	1056.76	1216.51	15.1%

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	BILL AT	BILL AT	INCREASE
BI-MONTHLY	CURRENT	PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>	<u>RATE</u>	<u>CURRENT</u>
0 USAGE	\$187.76	\$216.37	15.2%
2,000	191.60	220.79	15.2%
5,000	197.36	227.42	15.2%
10,000	206.96	238.47	15.2%
20,000	226.16	260.57	15.2%
30,000	245.36	282.67	15.2%
50,000	283.76	326.87	15.2%
75,000	331.76	382.12	15.2%
100,000	379.76	437.37	15.2%
150,000	475.76	547.87	15.2%
200,000	571.76	658.37	15.1%
500,000	1147.76	1321.37	15.1%

The rates contained in this notice are the rates proposed by the North Marshall Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 56 Frankfort Rd. in Benton, KY 42025. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

North Marshall Water District

NORTH MARSHALL WATER DISTRICT
BENTON, KENTUCKY

FINANCIAL STATEMENTS
DECEMBER 31, 2002

HOWARD & CHAMBERS
CERTIFIED PUBLIC ACCOUNTANTS

NORTH MARSHALL WATER DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
North Marshall Water District
Benton, Kentucky

We have audited the accompanying general purpose financial statements of North Marshall Water District as of and for the years ended December 31, 2002 and 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Board of Commissioners. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of North Marshall Water District as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2003, on our consideration of North Marshall Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Howard & Chambers

Paducah, Kentucky
February 25, 2003

NORTH MARSHALL WATER DISTRICT

BALANCE SHEETS
December 31, 2002 and 2001

<u>ASSETS</u>	<u>2002</u>	<u>2001</u>
Property & Equipment		
Utility plant	\$ 7,913,271	\$ 7,744,842
Less: Accumulated depreciation	<u>3,210,904</u>	<u>3,010,103</u>
Book Value of Utility Plant	<u>\$ 4,702,367</u>	<u>\$ 4,734,739</u>
Restricted Assets (Note 2)		
Cash and cash equivalents	\$ 137,025	\$ 176,725
Investments	<u>289,343</u>	<u>285,839</u>
Total Restricted Assets	<u>\$ 426,368</u>	<u>\$ 462,564</u>
Current Assets		
Cash and cash equivalents	\$ 87,281	\$ 72,832
Accounts receivable, less allowance for doubtful accounts 2002 \$3,000; 2001 \$4,283	144,323	131,581
Other current assets	<u>8,850</u>	<u>7,822</u>
Total Current Assets	<u>\$ 240,454</u>	<u>\$ 212,235</u>
Intangible, unamortized debt discount and expense	<u>\$ 21,365</u>	<u>\$ 24,239</u>
 TOTAL ASSETS	 <u>\$ 5,390,554</u>	 <u>\$ 5,433,777</u>

See Notes to Financial Statements

<u>LIABILITIES AND CAPITAL</u>	<u>2002</u>	<u>2001</u>
Capital		
Retained earnings	\$ 2,011,585	\$ 2,025,144
Contributions in aid of construction	<u>1,939,468</u>	<u>1,862,061</u>
Total Capital	<u>\$ 3,951,053</u>	<u>\$ 3,887,205</u>
Long-Term Debt		
Series B bonds (Note 3)	\$ 190,000	\$ 290,000
Note payable, less current maturities (Note 4)	<u>1,073,161</u>	<u>1,138,247</u>
Total Long-Term Debt	<u>\$ 1,263,161</u>	<u>\$ 1,428,247</u>
Liabilities to be Paid from Restricted Assets		
Current portion of long-term debt	\$ 78,508	\$ 73,949
Accrued interest on long-term debt	1,657	2,508
Customers' deposits	<u>22,190</u>	<u>20,133</u>
Total Liabilities to be paid from Restricted Assets	<u>\$ 102,355</u>	<u>\$ 96,590</u>
Current Liabilities		
Accounts payable	\$ 65,687	\$ 10,471
Accrued liabilities	<u>8,298</u>	<u>11,264</u>
Total Current Liabilities	<u>\$ 73,985</u>	<u>\$ 21,735</u>
 TOTAL LIABILITES AND CAPITAL	 <u>\$ 5,390,554</u>	 <u>\$ 5,433,777</u>

NORTH MARSHALL WATER DISTRICT

STATEMENTS OF INCOME

For the years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenue	\$ 985,083	\$ 998,335
Operating expenses		
Operation and maintenance expense	\$ 712,502	\$ 736,689
Depreciation	<u>200,801</u>	<u>194,938</u>
	<u>\$ 913,303</u>	<u>\$ 931,627</u>
Operating income	<u>\$ 71,780</u>	<u>\$ 66,708</u>
Other income (expense)		
Interest income	\$ 7,991	\$ 22,310
Interest expense	(85,456)	(95,227)
Amortization	(2,874)	(2,874)
Loss on early retirement of bonds	<u>(5,000)</u>	<u>(5,000)</u>
	<u>\$ (85,339)</u>	<u>\$ (80,791)</u>
Net income (loss)	<u>\$ (13,559)</u>	<u>\$ (14,083)</u>

NORTH MARSHALL WATER DISTRICT
 STATEMENTS OF CAPITAL
 For the years ended December 31, 2002 and 2001

	<u>Retained Earnings</u>	<u>Contributions in Aid of Construction</u>
Balance – December 31, 2000	\$ 2,039,227	\$ 1,735,714
Net (loss) for the year	(14,083)	
Tap fees and contributions during the year		133,417
Refunds	<u> </u>	<u>(7,070)</u>
Balance – December 31, 2001	<u>\$ 2,025,144</u>	<u>\$ 1,862,061</u>
Net (loss) for the year	(13,559)	
Tap fees and contributions during the year		83,315
Refunds	<u> </u>	<u>(5,908)</u>
Balance – December 31, 2002	<u>\$ 2,011,585</u>	<u>\$ 1,939,468</u>

NORTH MARSHALL WATER DISTRICT

STATEMENTS OF CASH FLOWS
Years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 971,606	\$ 1,004,579
Cash paid to suppliers and employees	(658,488)	(746,793)
Interest received	7,991	22,756
Interest paid	<u>(72,884)</u>	<u>(81,707)</u>
Net cash provided by operating activities	<u>\$ 248,225</u>	<u>\$ 198,835</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition and construction of property, plant and equipment	\$ (156,879)	\$ (177,369)
Net transfers from restricted funds and investments	<u>36,195</u>	<u>66,815</u>
Net cash (used in) investing activities	<u>\$ (120,684)</u>	<u>\$ (110,554)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term borrowings	\$ (178,949)	\$ (175,559)
Contributions in aid of construction, net	<u>65,857</u>	<u>73,148</u>
Net cash (used in) financing activities	<u>\$ (113,092)</u>	<u>\$ (102,411)</u>
Net increase (decrease) in cash	\$ 14,449	\$ (14,130)
Cash		
Beginning	<u>72,832</u>	<u>86,962</u>
Ending	<u>\$ 87,281</u>	<u>\$ 72,832</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net income (loss)	\$ (13,559)	\$ (14,083)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	200,801	194,938
Amortization	16,297	17,145
Loss on early retirement of debt	5,000	5,000
Change in assets and liabilities:		
Decrease in accounts receivable	(12,742)	4,314
Other prepaids and accruals	(2,788)	3,632
Increase (decrease) in accounts payable	<u>55,216</u>	<u>(12,111)</u>
Net cash provided by operating activities	<u>\$ 248,225</u>	<u>\$ 198,835</u>

See Notes to Financial Statements

NORTH MARSHALL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment:

Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Utility Plant	20-50
Office and sundry equipment	5-20
Vehicles	5

Investments:

Investments are carried at cost, which is not materially different than fair value at December 31, 2002.

Debt Discount and Expense:

Debt discount and expense is being amortized over the life of the related debt.

Contributions in Aid of Construction:

The District records contributions in aid of construction at the estimated fair value of the assets donated.

Cash and cash equivalents:

For purposes of reporting cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications:

Certain amounts in the 2001 financial statements have been reclassified to conform with the 2002 presentation.

NORTH MARSHALL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2: RESTRICTED ASSETS

The following accounts are required to be maintained by the Series B Bond Ordinance or by agreement with the Kentucky Infrastructure Authority(KIA). Use of these funds is restricted to debt service payments and certain improvements and extensions of the system as explained in the Ordinance or KIA Agreement.

	<u>2002</u>	<u>2001</u>
Restricted Assets		
Required by Series B Bond Ordinance		
Bond and interest sinking fund	\$ 85,584	\$ 95,263
Debt service fund	90,000	90,000
Depreciation fund	25,000	55,000
Mandatory sinking fund	20,000	20,000
Required by KIA Loan Agreement		
Debt service reserve-KIA	183,862	182,477
Escrow account		
Customers deposit accounts	<u>21,922</u>	<u>19,824</u>
Total	<u>\$ 426,368</u>	<u>\$ 462,564</u>
Classification on Balance Sheet		
Cash and cash equivalents	\$ 137,025	\$ 176,725
Investments (Certificates of Deposit and KIA Reserve)	<u>289,343</u>	<u>285,839</u>
Total	<u>\$ 426,368</u>	<u>\$ 462,564</u>

NOTE 3: BONDS PAYABLE

At December 31, 2002 bonds payable consisted of the following:

Series B Bonds, \$1,250,000 issued 1966, \$190,000 outstanding, 5% interest, maturity at May 1, 2006. *

Year	Bond Principal	Interest	Total
2002	\$	\$ 9,500	\$ 9,500
2003		9,500	9,500
2004		9,500	9,500
2005		9,500	9,500
2006	190,000	4,750	194,750
Total	<u>\$ 190,000</u>	<u>\$ 42,750</u>	<u>\$ 232,750</u>

During 2002 the District called \$100,000 of Series B Bonds at a cost of \$105,000.

NORTH MARSHALL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4: NOTES PAYABLE

At December 31, 2002, notes payable were due the Kentucky Infrastructure Authority (KIA) as follows

Year	Principal	Interest (4.125% to 5.621%)	Service Fee	Total
2003	78,508	56,359	2,391	137,258
2004	83,018	51,948	2,230	137,196
2005	86,412	47,232	2,061	135,705
2006	90,883	42,929	1,884	135,696
2007	95,255	39,030	1,698	135,983
2008-2012	545,679	126,133	5,385	677,197
2013-2014	255,415	12,286	517	268,218
Total	<u>\$1,235,170</u>	<u>\$ 375,917</u>	<u>\$ 16,166</u>	<u>\$1,627,253</u>

The District's KIA Loan was refinanced in 1999 to obtain a lower rate of interest and thereby achieve a cash savings to the District over time. Additional debt was required to refund the prior notes. This additional debt, or difference, is deferred as required by GASBS No. 23, and is amortized as a component of interest expense. The deferred amount is reported as a deduction from the new loan as follows:

Balance of Principal due at 12/31/02	\$ 1,235,170
Less: deferred debit arising from advance refunding	83,501
	\$ 1,151,669
Less current portion	78,508
Long-term portion	<u>\$ 1,073,161</u>

A debt service reserve is required in connection with this loan. The balance in the reserve account was \$ 183,862 at December 31, 2002 as shown in Note 2.

NOTE 5: RETIREMENT PLAN

During 2002, the District's employees began participating in the County Employees Retirement Systems (CERS). CERS is a cost-sharing, multi-employer public employee retirement system, that provides retirement, disability, and death benefits to members of the plan. Benefits and contribution rates are established by state statute. Kentucky Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for CERS. Requests for a copy of the report should be made in writing and submitted to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Louisville, Kentucky 40601.

NORTH MARSHALL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5: RETIREMENT PLAN (Cont'd)

The Board of Trustees of the Kentucky Retirement System has established contribution rates for the District. The employees contribute 5% and the employer contributes 6.34% in 2002 of the employee's gross earnings. All employees, either full or part-time, who work an average of 100 hours per month over a calendar or fiscal year must participate in CERS. *

Until the District began participating in the CERS it had a defined contribution plan for full-time employees. The District contributed 8% of base salaries to the plan. Total retirement plan expense for 2002 was \$17,632 (\$16,638 in 2001). *

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Commissioners
North Marshall Water District
Benton, Kentucky

Our audits were made for the purpose of forming an opinion on the basic financial statements for the years ended December 31, 2002 and 2001, taken as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information for the years ended December 31, 2002 and 2001 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Howard & Chambers

Paducah, Kentucky
February 25, 2003

NORTH MARSHALL WATER DISTRICT

See Auditor's Report

	Years Ended December 31,	
	<u>2002</u>	<u>2001</u>
<u>Utility Plant</u>		
Construction in progress	\$ 8,775	\$ -0-
Source of supply plant	580,760	580,760
Pumping plant	649,678	646,796
Water treatment plant	59,165	59,165
Transmission and distribution plant	6,174,629	6,039,433
General plant		
Land & land rights	63,679	63,679
Structures	73,463	73,463
Office furniture and equipment	163,989	162,095
Tools, shop equipment and other tangible property	44,724	25,042
Communication equipment	11,956	11,956
Vehicles	<u>82,453</u>	<u>82,453</u>
Total utility plant	<u>\$ 7,913,271</u>	<u>\$ 7,744,842</u>

	Years Ended December 31,	
	<u>2002</u>	<u>2001</u>
<u>Operating Revenue</u>		
Residential	\$ 715,883	\$ 697,157
Commercial	205,830	211,713
Multi-Dwellings	15,404	15,726
Other water systems	9,949	47,290
Bulk	143	960
Service charges/reconnect fees/misc.	21,393	9,751
Forfeited discounts	<u>16,481</u>	<u>15,738</u>
Total operating revenue	<u>\$ 985,083</u>	<u>\$ 998,335</u>

NORTH MARSHALL WATER DISTRICT

See Auditor's Report

Years Ended
December 31,

Operation and Maintenance Expense

2002

2001

Source of Supply and Pumping Expense

Operations

Labor

\$ 24,469 ✓

\$ 22,749

Purchase power

94,410 ✓

92,255

\$ 118,879

\$ 115,004

Maintenance

Labor

\$ 3,156 ✓

\$ 7,366

Water Treatment Expense

Operations

Labor

\$ 2,349 ✓

\$ 2,773

Power purchased

1,717 ✓

2,479

Chemicals

9,969 ✓

9,405

Maintenance and supplies

3,803 ✓

2,625

Outside services

20,306

18,787

\$ 38,144

\$ 36,069

Transmission and Distribution Expense

Operations

Purchased power and fuel

\$ 1,997 ✓

\$ 2,312

Rent

600 ✓

600

\$ 2,597

\$ 2,912

Maintenance

Reservoirs and tanks

- labor

\$ 1,546 ✓

\$ 3,041

- materials

-0- ✓

354

- contractual services

61,354 ✓

100,362

Mains

- labor

15,673 ✓

13,698

- materials

23,605 ✓

8,106

- contractual services

34,598 ✓

19,006

Meters

- labor

10,564 ✓

12,453

- materials

1,623 ✓

2,824

- contractual services

855 ✓

1,436

Plant

- labor

3,247 ✓

3,221

- materials

5,799 ✓

5,764

- contractual services

50 ✓

1,869

Hydrants

- labor

373 ✓

501

- materials

6 ✓

1,041

- contractual services

633 ✓

893

\$ 159,926

\$ 174,569

NORTH MARSHALL WATER DISTRICT

See Auditor's Report

	Years Ended December 31,	
	<u>2002</u>	<u>2001</u>
Customer Accounts Expense		
Meter reading labor	\$ 14,337 ✓	\$ 12,230
Labor – accounting and collection labor	19,168 ✓	20,003
Bad debt expense (recoveries), net	<u>2,792 ✓</u>	<u>6,271</u>
	<u>\$ 36,297</u>	<u>\$ 38,504</u>
Administration and General Expense		
Leak adjustment	\$ 5,651 ✓	\$ 9,658
Labor	124,507	124,991
Commissioners' fees	30,000 ✓	30,000
Office supplies and expense (MATERIALS / SUPPLIES)	26,693 ✓	21,010
Purchased power	3,371 ✓	3,518
Paying agent fees	2,879 ✓	3,142
Telephone	9,926 ✓	9,484
Outside services CPA - *4,560 OTHER *2,977	7,537 ✓	13,349
Insurance	24,357 ✓	23,976
Advertising	2,409 ✓	1,505
Regulatory commission expense	1,882 ✓	1,857
Transportation	11,078 ✓	10,328
Payroll taxes	21,244 ✓	22,251
Employee benefits	59,088	66,806
Employee pensions	17,632	16,638
Educational and training	5,249	3,752
	<u>\$ 353,503</u>	<u>\$ 362,265</u>
Total operation and maintenance expense	<u>\$ 712,502</u>	<u>\$ 736,689</u>

7,537
 4,560

 2,977

Members of American Institute and Kentucky Society of Certified Public Accountants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS.

To the Board of Commissioners
North Marshall Water District
Benton, Kentucky

We have audited the general purpose financial statements of North Marshall Water District as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 25, 2003. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General to the United States.

Compliance

As part of obtaining reasonable assurance about whether North Marshall Water District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those revisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Marshall Water District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commissioners and others within the organization and is not intended and should not be used by anyone other than these specified parties.

Howard & Chambers

Paducah, Kentucky
February 25, 2003

MARSHALL COUNTY COURT

IN THE MATTER OF THE FORMATION
OF THE NORTH MARSHALL WATER DISTRICT

ORDER AND JUDGMENT

It appearing to the Court that more than 75 citizens within the after described area have petitioned the Court for the formation of a water district to be known as the North Marshall Water District which district is described as follows:

All the area within one mile of the following described line:

Beginning at a point in the center of Highway No. 68 which point is 1000 feet SE of the intersection of Highways No. 58 and 68 near Lane Motel in Marshall County, Kentucky; thence in a N.Westerly direction, and following the center line of Highway No. 68, to a point where Highway No. 58 intersects with 68 near Briensburg; thence, down Highway No. 58, through Briensburg, to the intersection of Highway No. 58 and Highway No. 641; thence, in Northerly direction and following Highway No. 641 through Draffenville to the point where Highway No. 641 intersects with Highway No. 68; thence in a northwesterly direction along Highway No. 68 to the Marshall-McCracken County line. Also beginning at the intersection of Highway No. 68 and Highway No. 641 at Draffenville; thence, in a southeasterly direction and following Highway No. 68 to the intersection of Highways No. 68 and 58 at Briensburg.

And it further appearing that the said petition has been duly advertised in conformity with the provision of chapter 74 of the Kentucky Revised Statute, and that same has laid over for a period of 30 days and that no objections have been filed thereto, and that the establishing of such district is reasonably necessary for the public health, convenience, fire protection and comfort of the residents, the Court DOTH ORDER AND DIRECT as follows:

That the above described area be and it is hereby declared a water district under the provisions of the Kentucky Revised Statute aforesaid, and that said district shall be hereafter

designated and known as the North Marshall Water District and said district is hereby vested with such powers as may accrue to it under the provisions of Chapter 74 of the Kentucky Revised Statute.

Given under my hand as Judge of the Marshall County Court on this 16th day of October, 1961.

Artell Halton
Judge

MARSHALL COUNTY COURT

IN RE: NORTH MARSHALL WATER DISTRICT ANNEXATION

ORDER

This matter coming on for a hearing upon the petition of the North Marshall Water District to annex to the present North Marshall Water district the following described property, to wit:

Beginning at the intersection of the existing North Marshall Water District, which point is one mile East of U. S. Highway 68, and the centerline of Kentucky Highway No. 963; thence in a southerly direction for a distance of 2200 feet more or less to the centerline of Malcolm Creek; thence in an Easterly direction and along the center line of Malcolm Creek to the low water line of Kentucky Lake; thence in a Northerly direction and with the low water line of Kentucky Lake to the intersection of U. S. Highway 641; thence in a Westerly direction and along the centerline of U. S. Highway 641 to the existing Easterly line of the North Marshall Water district, which point is one mile East of the centerline of U. S. Highway 68; thence in a Southerly direction and along the Easterly line of the existing district and being one mile East of and parallel to the centerline of U. S. Highway 68 to the point of beginning in the centerline of Kentucky Highway 963.

It appearing to the Court that proper notice and advertisement was made as to the filing of said Petition and no exceptions or objections having been filed within thirty (30) days of the date of notice, and

It further appearing to the Court that the said annexation is a public convenience and necessary for the welfare, convenience, public health, fire protection and other uses, that said property be annexed;

IT IS THEREFORE ORDERED AND ADJUDGED by the Court that the above described property be and the same is hereby annexed to the original territory of the North Marshall Water District and that it is to the public convenience, public welfare, public health,

public protection and other uses to the citizens and residents residing within the boundaries of said District and said extension and annexation shall become a part of the North Marshall Water District heretofore formed by this Court.

This the 6 day of September, 1965.

John F. Rayburn
Judge, Marshall County Court

I, W. J. Brien, Jr., Clerk of the Marshall County Court, Marshall County, Kentucky, do hereby certify that the foregoing is a true, correct and accurate copy of an Order of the Marshall County Court entered and dated September 6, 1965 and filed of record in this office.

This the 11 day of October, 1965.

W. J. Brien, Clerk
Marshall County Court

MARSHALL COUNTY COURT

IN RE: North Marshall Water District
Extension of Boundaries

This matter arising upon the petition of the North Marshall Water District to extend its present boundaries to include the territory described in the attached Schedule "A", incorporated herein by reference, and it appearing to the court as follows:

1. That proper notice and advertisement was made as to the filing of said Petition and no exceptions or objections thereto having been filed within 30 days of the date of notice.
2. That such extension is for the public convenience and reasonably necessary for the welfare, convenience, public health, fire protection and other uses.
3. That the territory described is the City of Gilbertsville and the governing body of that City has consented to such annexation.

NOW, THEREFORE, IT IS HEREBY ORDERED AND ADJUDGED by the Court that the property described in said attached Schedule "A" be and the same is hereby annexed to and made a part of the territory of the North Marshall Water District, and that it is to the public convenience, public welfare, public health, public protection and other uses to the citizens and residents residing within the boundaries of said District and the extended territory that the extended territory be annexed to and made a part of the North Marshall Water District heretofore formed by this Court.

This 26th day of May, 1973.

Billy S. Matthews
JUDGE, MARSHALL COUNTY COURT

SCHEDULE "A"

Beginning at a point on a line extending South 75° 00' West from the South right-of-way line of the Illinois Central Railroad and being 200 feet South 75° 00' West of the west boundary of the Tennessee Valley Authority Reservation; thence, North 75° 00' West along said line and the South right-of-way line of the Illinois Central Railroad a distance of 2640 feet to an iron monument; thence, North 15° 00' East across the property of R.D. Smith, V.M. Smith and Highway 282 a distance of 2640 feet to an iron monument; thence, South 75° 00' East across the property of V.M. Heath, W.M. Brigan, Rip Van Winkle and the Tennessee Valley Authority a distance of 2640 feet to an iron monument; thence, South 15° 00' West across the Tennessee Valley Authority Reservation a distance of 2640 feet to an iron monument and the place of beginning, containing an area one-half mile square and comprising the City of Gilbertsville.

Also: Beginning at the Northwest corner of the City of Gilbertsville as described above; thence, in a Westerly direction along a line parallel to the North edge of Highway 282 to a point 500 feet West of a line extending in a Northerly direction from the West edge of the Old Calvert City Road, said 500 feet being measured by a line perpendicular to the line extended north from the Old Calvert City road; thence, in a Southerly direction along a line parallel to the West edge of the Old Calvert City Road and crossing Highway 282 to an existing drainage ditch constructed by the United States; thence, along the North edge of said drainage ditch to the intersection of the North edge of said drainage ditch and the South right-of-way line of the Illinois Central Railroad; thence, continuing along the South right-of-way line of the Illinois Central Railroad to the Southwest corner of the City of Gilbertsville as described above; thence, North 15° 00' East along the West boundary of the City of Gilbertsville a distance of 2640 feet to the point of beginning.

Also: An area 100 feet wide extending in an Easterly direction from the East boundary line of the City of Gilbertsville to the Y intersection of Highway 282 and the old Gilbertsville Ferry Road, the centerline of said area being the center line of Highway 282.

MARSHALL COUNTY FISCAL COURT

SUBJECT: North Marshall Water District
Clarification of Boundaries

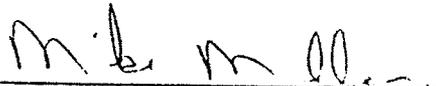
The North Marshall Water District was formed in October 1961 in accordance with Chapter 74 the Kentucky Revised Statues.

It is now necessary to clarify the boundaries of the North Marshall Water District because Marshall County Residents:

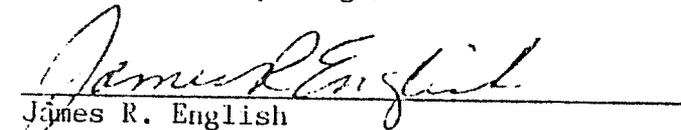
1. In the northwest section of the county can be more practically served by the Reidland Water District because of the construction of I-24 through Marshall County has created a major barrier to make it uneconomical to serve these residents (Possum Trot) by the North Marshall Water District.
2. Along the East side of County Line Road can be more practically served by the Reidland Water District.
3. Along the Bottoms Road in the Clarks River Bottom can now be served by the North Marshall Water District.
4. Along the Big Bear Camp Road can now be served by the North Marshall Water District.
5. North of the Calvert City Corporate limits and south of Cypress Creek can be more practically served by others.

It appearing to the Marshall County Fiscal Court that the attached description of the boundaries of the North Marshall Water District accurately describe the area of Marshall County that is currently served or can be practically served by the North Marshall Water District; Order the boundaries of the North Marshall Water District be clarified as the attached description.

All members voting aye, this 20th day of January, 1987.



Mike Miller
Marshall County Judge/Executive



James R. English
Marshall County Court Clerk

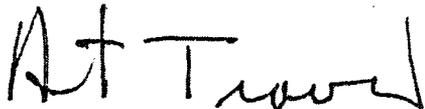
Attested By:

The boundaries of the North Marshall Water District are more particular described, as beginning in the center line of U.S. Hwy. 68 at its intersection with the Mc Cracken/Marshall County Line,

- thence, Southeast 1,300 feet on the center line of U.S. Hwy. 68 to the northwest corner of the Dishman Cementary,
- thence, North 5,300 feet to the south right-of-way of U.S. Hwy. I-24,
- thence, West 39,200 feet along the south right-of-way of I-24 to the center line of the Jackson Purchase Parkway,
- thence, In a Northeasterly direction 9,000 feet along the South right-of-way of I-24 to the center line of of U.S Hwy. 62,
- thence, In a Northeasterly direction 4,800 feet along the right-of-way of I-24 to the center line of Cypress Creek,
- thence, West 2,000 feet to the intersection of the Lone Valley Church Road and Calvert City's Fifth Avenue Extended,
- thence, In a northeasterly direction 4,500 feet and providing service to potential water customers on each side of the Long Valley Church Road to the center line of Cypress Creek,
- thence, In a northwesterly direction 10,000 feet and following the center line to Cypress Creek to the center line of the old Dr. Smith Road, northwest of the Calvert City Community of Marshall County,
- thence, Northwest 4,200 feet and providing water service to potential customers on each side of the old Dr. Smith Road center line to a point in the center line of a drainage ditch 1,000 feet north of Kentucky Hwy. 282
- thence, Southeast 9,600 feet and following the center line of a drainage ditch to the northwest corner of the old west Gilbertsville Corporation limits,
- thence, Southeast 2,300 feet along the old north boundary of the unincorporated west Gilbertsville Community to the boundary of the TVA Kentucky Reservoir property,
- thence, North 1,900 feet to the south bank of the Tennessee River,

- thence, Southeast 10,400 feet along the south bank of the Tennessee River to the 375 contour on the east side of Kentucky Dam,
- thence, Following the 375 contour of Kentucky Lake to a point 2,000 feet southeast of King Creek Resort, said point being in the 375 contour of the Big Bear Creek embayment of Kentucky Lake,
- thence, Due west 19,000 feet to the intersection of center lines of Hwy. 58 and 68,
- thence, Due west 5,900 feet to a point in the center of the old Union Cementary,
- thence, In a Southwesterly direction and following the center line of Egners Branch, approximately 12,000 feet to a center line of U.S. Hwy. 641, approximately 5,300 north of the old L & N Railroad,
- thence, West 1,700 feet to mile marker 22 at the center line of east fork of the Clarks River,
- thence, Following the east fork of the Clarks River to its mile marker 4.4 at the Mc Cracken/Marshall County line,
- thence, North and following the County line 6,700 feet to the point of beginning,

Prepared by,

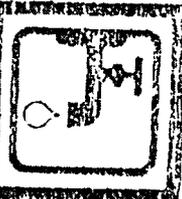
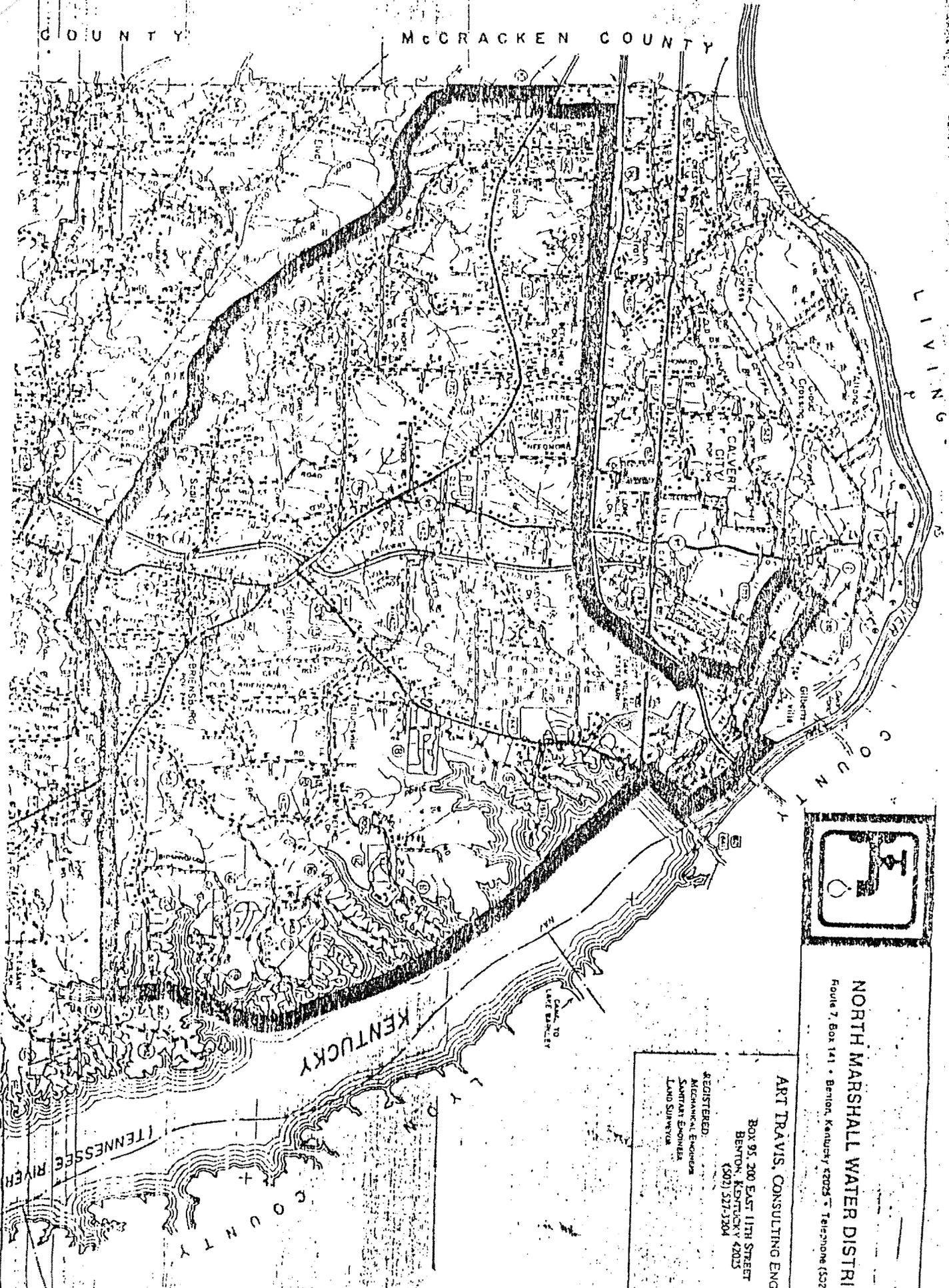


Art Travis
Registered Engineer
Reg. Land Surveyor

November 1986

COUNTY

McCRACKEN COUNTY



NORTH MARSHALL WATER DISTRICT
 Route 7, Box 141 • Benton, Kentucky 42025 • Telephone (502) 527-527

ART TRAVIS, CONSULTING ENGINEER

Box 95, 200 East 11th Street
 Benton, Kentucky 42015
 (502) 527-3104

REGISTERED:
 MECHANICAL ENGINEER
 SANITARY ENGINEER
 LAND SURVEYOR

North Marshall Water District
 Income Statement
 Reporting 1/1/2002 To 1/31/2002

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	0.00	14.00	0.00	14.00
Water Revenue	493.59	181.78	493.59	181.78
Leak Adjustments	-1,239.23	-724.40	-1,239.23	-724.40
Penalties	2,983.26	3,538.55	2,983.26	3,538.55
TOTAL REVENUES	2,237.62	3,009.93	2,237.62	3,009.93
OTHER INCOME				
Interest Income	1,167.10	2,059.49	1,167.10	2,059.49
TOTAL OTHER INCOME	1,167.10	2,059.49	1,167.10	2,059.49
TOTAL REVENUE	3,404.72	5,069.42	3,404.72	5,069.42
OPERATION & MAINTENANCE EXP.				
Salaries	19,417.94	20,136.06	19,417.94	20,136.06
Pension/Benefits	8,125.55	6,625.64	8,125.55	6,625.64
Fuel & Power for Pumping	9,393.93	7,228.50	9,393.93	7,228.50
Purification	2,590.48	2,562.21	2,590.48	2,562.21
Distribution	1,189.03	2,848.03	1,189.03	2,848.03
Meter Department	1,188.97	1,392.36	1,188.97	1,392.36
Customer Service	2,068.24	869.33	2,068.24	869.33
Administration & General	1,064.67	273.62	1,064.67	273.62
Insurance Expense	2,015.23	2,783.98	2,015.23	2,783.98
Payroll Expense	2,023.83	2,090.12	2,023.83	2,090.12
Interest & Bond Dis Expenses	7,915.73	8,640.73	7,915.73	8,640.73
Depreciation Expense	15,400.00	15,400.00	15,400.00	15,400.00
TOTAL O & M EXPENSES	72,393.60	70,850.58	72,393.60	70,850.58
NET INCOME OR (LOSS)	-68,988.88	-65,781.16	-68,988.88	-65,781.16

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 1/31/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	124,876.61	56,435.25	68,441.36
Cash - Operation Account	33,565.56	15,895.84	17,669.72
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	20,561.21	19,824.06	737.15
A & B Bond Funds	271,660.63	260,262.93	11,397.70
KIA Debt Service Reserve	183,117.05	182,477.05	640.00
Customer Accounts Receivable	7,009.81	141,220.47	-134,210.66
Bad Debt Reserve	-3,868.42	-3,868.42	0.00
Accured Interest Receivable	446.08	446.08	0.00
Bond Discount & Issue Expense	194,210.38	195,466.11	-1,255.73
Amortization Reserve	-75,476.11	-75,226.11	-250.00
Clearing Account	0.11	0.10	0.01
Prepaid Insurance	10,248.28	7,822.17	2,426.11
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	5,947,834.28	5,952,061.79	-4,227.51
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	646,795.95	646,795.95	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	355,014.93	355,014.93	0.00
Depreciation Reserve	-3,015,365.40	-2,999,965.40	-15,400.00
TOTAL ASSETS	5,404,734.89	5,458,766.74	-54,031.85

UNAUDITED

North Marshall Water District
Balance Sheet
Reporting as of 1/31/2002

LIABILITIES	Current YTD	Prev Month YTD	Variance
Accounts Payable			
Accured Payroll	20,238.18	10,470.52	9,767.66
Customer Deposits Payable	0.00	1,167.13	-1,167.13
Payroll Withholding	20,870.04	20,132.89	737.15
Taxes Payable	2,008.36	5,609.02	-3,600.66
Accured Interest	163.41	4,488.40	-4,324.99
Contributions in Aid of Const.	9,135.50	2,507.50	6,628.00
Bonds Payable	1,793,960.45	1,787,043.45	6,917.00
KIA Loan	290,000.00	290,000.00	0.00
	1,309,119.57	1,309,119.57	0.00
TOTAL LIABILITIES	3,445,495.51	3,430,538.48	14,957.03
EQUITY			
Surplus	2,028,228.26	2,028,228.26	0.00
Y-T-D Profit or (Loss)	-68,988.88	0.00	-68,988.88
TOTAL EQUITY	1,959,239.38	2,028,228.26	-68,988.88
TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,404,734.89	5,458,766.74	-54,031.85

UNAUDITED

**North Marshall Water District
Income Statement
Reporting 2/1/2002 To 2/28/2002**

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	0.00	0.00	0.00	14.00
Water Revenue	135,819.66	140,007.80	136,313.25	140,189.58
Wholesale Water Revenue	7,144.12	10,122.77	7,144.12	10,122.77
Leak Adjustments	-244.71	-1,091.03	-1,483.94	-1,815.43
Penalties	1,075.97	280.36	4,059.23	3,818.91
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TOTAL REVENUES	143,795.04	149,319.90	146,032.66	152,329.83
OTHER INCOME				
Interest Income	1,100.82	1,689.66	2,267.92	3,749.15
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TOTAL OTHER INCOME	1,100.82	1,689.66	2,267.92	3,749.15
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TOTAL REVENUE	144,895.86	151,009.56	148,300.58	156,078.98
OPERATION & MAINTENANCE EXP.				
Salaries	20,039.44	19,772.09	39,457.38	39,908.15
Pension/Benefits	8,216.22	6,479.65	16,341.77	13,105.29
Fuel & Power for Pumping	10,306.02	10,715.27	19,699.95	17,943.77
Purification	2,308.33	1,222.66	4,898.81	3,784.87
Distribution	1,747.76	26,287.30	2,936.79	29,135.33
Meter Department	1,044.37	454.81	2,233.34	1,847.17
Customer Service	1,720.19	1,571.94	3,788.43	2,441.27
Administration & General	1,784.90	943.62	2,849.57	1,217.24
Insurance Expense	1,754.64	794.36	3,769.87	3,578.34
Payroll Expense	1,829.09	1,899.47	3,852.92	3,989.59
Interest & Bond Dis Expenses	7,915.73	8,640.73	15,831.46	17,281.46
Depreciation Expense	17,200.00	15,400.00	32,600.00	30,800.00
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TOTAL O & M EXPENSES	75,866.69	94,181.90	148,260.29	165,032.48
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NET INCOME OR (LOSS)	69,029.17	56,827.66	40.29	-8,953.50
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UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 2/28/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	69,153.37	124,876.61	-55,723.24
Cash - Operation Account	72,056.07	33,565.56	38,490.51
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	20,799.28	20,561.21	238.07
A & B Bond Funds	283,021.97	271,660.63	11,361.34
KIA Debt Service Reserve	183,757.05	183,117.05	640.00
Customer Accounts Receivable	115,165.65	7,009.81	108,155.84
Bad Debt Reserve	-3,958.42	-3,868.42	-90.00
Accured Interest Receivable	446.08	446.08	0.00
Bond Discount & Issue Expense	192,954.65	194,210.38	-1,255.73
Amortization Reserve	-75,726.11	-75,476.11	-250.00
Clearing Account	0.11	0.11	0.00
Prepaid Insurance	10,282.32	10,248.28	34.04
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	5,956,832.42	5,947,834.28	8,998.14
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	646,795.95	646,795.95	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	355,014.93	355,014.93	0.00
Depreciation Reserve	-3,032,565.40	-3,015,365.40	-17,200.00
TOTAL ASSETS	5,498,133.86	5,404,734.89	93,398.97

UNAUDITED

North Marshall Water District
Balance Sheet
Reporting as of 2/28/2002

LIABILITIES	Current YTD	Prev Month YTD	Variance
Accounts Payable	27,693.42	20,238.18	7,455.24
Customer Deposits Payable	21,108.11	20,870.04	238.07
Payroll Withholding	3,598.17	2,008.36	1,589.81
Taxes Payable	5,472.09	163.41	5,308.68
Accrued Interest	15,763.50	9,135.50	6,628.00
Contributions in Aid of Const.	1,797,110.45	1,793,960.45	3,150.00
Bonds Payable	290,000.00	290,000.00	0.00
KIA Loan	1,309,119.57	1,309,119.57	0.00
TOTAL LIABILITIES	3,469,865.31	3,445,495.51	24,369.80
EQUITY			
Surplus	2,028,228.26	2,028,228.26	0.00
Y-T-D Profit or (Loss)	40.29	-68,988.88	69,029.17
TOTAL EQUITY	2,028,268.55	1,959,239.38	69,029.17
TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,498,133.86	5,404,734.89	93,398.97

UNAUDITED

**North Marshall Water District
Income Statement
Reporting 3/1/2002 To 3/31/2002**

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	0.00	0.00	0.00	14.00
Water Revenue	492.94	1,585.54	136,806.19	141,775.12
Wholesale Water Revenue	0.00	0.00	7,144.12	10,122.77
Leak Adjustments	-145.24	-1,181.72	-1,629.18	-2,997.15
Penalties	5,377.89	3,421.61	9,437.12	7,240.52
TOTAL REVENUES	----- 5,725.59	----- 3,825.43	----- 151,758.25	----- 156,155.26
OTHER INCOME				
Interest Income	1,754.92	2,183.93	4,022.84	5,933.08
TOTAL OTHER INCOME	----- 1,754.92	----- 2,183.93	----- 4,022.84	----- 5,933.08
TOTAL REVENUE	----- 7,480.51	----- 6,009.36	----- 155,781.09	----- 162,088.34
OPERATION & MAINTENANCE EXP.				
Salaries	25,349.43	24,126.55	64,806.81	64,034.70
Pension/Benefits	7,347.82	7,492.66	23,689.59	20,597.95
Fuel & Power for Pumping	7,732.86	8,261.80	27,432.81	26,205.57
Purification	1,914.25	3,682.05	6,813.06	7,466.92
Distribution	16,256.96	361.04	19,193.75	29,496.37
Meter Department	1,288.02	2,551.31	3,521.36	4,398.48
Customer Service	710.85	1,384.02	4,499.28	3,825.29
Administration & General	1,951.87	1,592.65	4,801.44	2,809.89
Insurance Expense	1,728.20	1,752.00	5,498.07	5,330.34
Payroll Expense	1,836.42	2,215.61	5,689.34	6,205.20
Interest & Bond Dis Expenses	7,915.73	8,640.73	23,747.19	25,922.19
Depreciation Expense	16,300.00	15,400.00	48,900.00	46,200.00
TOTAL O & M EXPENSES	----- 90,332.41	----- 77,460.42	----- 238,592.70	----- 242,492.90
NET INCOME OR (LOSS)	----- -82,851.90	----- -71,451.06	----- -82,811.61	----- -80,404.56
	=====	=====	=====	=====

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 3/31/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	103,749.23	69,153.37	34,595.86
Cash - Operation Account	69,315.81	72,056.07	-2,740.26
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	20,173.37	20,799.28	-625.91
A & B Bond Funds	294,986.96	283,021.97	11,964.99
KIA Debt Service Reserve	184,397.05	183,757.05	640.00
Customer Accounts Receivable	11,488.44	115,165.65	-103,677.21
Bad Debt Reserve	-4,076.54	-3,958.42	-118.12
Accured Interest Receivable	446.08	446.08	0.00
Bond Discount & Issue Expense	191,698.92	192,954.65	-1,255.73
Amortization Reserve	-75,976.11	-75,726.11	-250.00
Clearing Account	0.11	0.11	0.00
Prepaid Insurance	8,698.36	10,282.32	-1,583.96
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	5,965,990.29	5,956,832.42	9,157.87
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	646,795.95	646,795.95	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	356,904.50	355,014.93	1,889.57
Depreciation Reserve	-3,048,865.40	-3,032,565.40	-16,300.00
TOTAL ASSETS	5,429,830.96	5,498,133.86	-68,302.90

UNAUDITED

North Marshall Water District
Balance Sheet
Reporting as of 3/31/2002

LIABILITIES	Current YTD	Prev Month YTD	Variance
Accounts Payable	27,186.57	27,693.42	-506.85
Accured Payroll	4,593.71	0.00	4,593.71
Customer Deposits Payable	20,482.20	21,108.11	-625.91
Payroll Withholding	3,089.39	3,598.17	-508.78
Taxes Payable	5,490.92	5,472.09	18.83
Accured Interest	22,391.50	15,763.50	6,628.00
Contributions in Aid of Const.	1,802,060.45	1,797,110.45	4,950.00
Bonds Payable	290,000.00	290,000.00	0.00
KIA Loan	1,309,119.57	1,309,119.57	0.00
TOTAL LIABILITIES	3,484,414.31	3,469,865.31	14,549.00
EQUITY			
Surplus	2,028,228.26	2,028,228.26	0.00
Y-T-D Profit or (Loss)	-82,811.61	40.29	-82,851.90
TOTAL EQUITY	1,945,416.65	2,028,268.55	-82,851.90
TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,429,830.96	5,498,133.86	-68,302.90

UNAUDITED

North Marshall Water District
 Income Statement
 Reporting 4/1/2002 To 4/30/2002

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	16.00	0.00	16.00	14.00
Water Revenue	127,066.09	130,541.05	263,872.28	272,316.17
Wholesale Water Revenue	0.00	5,041.91	7,144.12	15,164.68
Leak Adjustments	-184.25	0.00	-1,813.43	-2,997.15
Penalties	1,790.53	440.71	11,227.65	7,681.23
TOTAL REVENUES	128,688.37	136,023.67	280,446.62	292,178.93
OTHER INCOME				
Interest Income	1,158.06	1,598.47	5,180.90	7,531.55
Non Utility Other Loss	-5,000.00	-5,000.00	-5,000.00	-5,000.00
TOTAL OTHER INCOME	-3,841.94	-3,401.53	180.90	2,531.55
TOTAL REVENUE	124,846.43	132,622.14	280,627.52	294,710.48
OPERATION & MAINTENANCE EXP.				
Salaries	20,511.70	20,818.18	85,318.51	84,852.88
Pension/Benefits	9,688.11	5,322.61	33,377.70	25,920.56
Fuel & Power for Pumping	8,334.34	6,688.61	35,767.15	32,894.18
Purification	590.34	2,289.83	8,254.28	9,756.75
Distribution	115.41	319.85	19,421.22	29,816.22
Meter Department	690.72	553.87	4,247.08	4,952.35
Customer Service	1,489.42	1,926.86	6,106.52	5,752.15
Administration & General	4,956.60	5,671.65	10,959.24	8,481.54
Insurance Expense	1,701.76	1,752.00	7,199.83	7,082.34
Payroll Expense	2,075.99	1,768.38	7,765.33	7,973.58
Interest & Bond Dis Expenses	7,915.73	8,640.73	31,662.92	34,562.92
Depreciation Expense	16,300.00	15,400.00	65,200.00	61,600.00
TOTAL O & M EXPENSES	74,370.12	71,152.57	315,279.78	313,645.47
NET INCOME OR (LOSS)	50,476.31	61,469.57	-34,652.26	-18,934.99

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 4/30/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	6,158.40	103,749.23	-97,590.83
Cash - Operation Account	43,115.18	69,315.81	-26,200.63
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	20,959.57	20,173.37	786.20
A & B Bond Funds	256,390.53	294,986.96	-38,596.43
KIA Debt Service Reserve	185,037.05	184,397.05	640.00
Customer Accounts Receivable	90,164.95	11,488.44	78,676.51
Bad Debt Reserve	-4,491.77	-4,076.54	-415.23
Accured Interest Receivable	0.00	446.08	-446.08
Bond Discount & Issue Expense	191,240.73	191,698.92	-458.19
Amortization Reserve	-76,100.24	-75,976.11	-124.13
Clearing Account	0.11	0.11	0.00
Prepaid Insurance	8,841.40	8,698.36	143.04
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	6,064,199.28	5,967,031.48	97,167.80
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	646,795.95	646,795.95	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	374,845.98	356,904.50	17,941.48
Depreciation Reserve	-3,075,303.34	-3,048,865.40	-26,437.94
TOTAL ASSETS	5,435,957.72	5,430,872.15	5,085.57

UNAUDITED

North Marshall Water District
Balance Sheet
Reporting as of 4/30/2002

LIABILITIES	Current YTD	Prev Month YTD	Variance
Accounts Payable	16,028.39	30,544.72	-14,516.33
Accured Payroll	0.00	4,593.71	-4,593.71
Customer Deposits Payable	21,228.40	20,482.20	746.20
Payroll Withholding	2,138.96	3,089.39	-950.43
Taxes Payable	5,252.01	5,490.92	-238.91
Accured Interest	21,519.50	22,391.50	-872.00
Contributions in Aid of Const.	1,880,178.83	1,802,060.45	78,118.38
Bonds Payable	190,000.00	290,000.00	-100,000.00
KIA Loan	1,309,119.57	1,309,119.57	0.00
TOTAL LIABILITIES	3,445,465.66	3,487,772.46	-42,306.80
EQUITY			
Surplus	2,025,144.32	2,028,228.26	-3,083.94
Y-T-D Profit or (Loss)	-34,652.26	-85,128.57	50,476.31
TOTAL EQUITY	1,990,492.06	1,943,099.69	47,392.37
TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,435,957.72	5,430,872.15	5,085.57

UNAUDITED

**North Marshall Water District
Income Statement
Reporting 5/1/2002 To 5/31/2002**

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	0.00	109.69	16.00	123.69
Water Revenue	644.61	412.64	264,516.89	272,728.81
Wholesale Water Revenue	0.00	0.00	7,144.12	15,164.68
Leak Adjustments	-96.16	-1,483.45	-1,909.59	-4,480.60
Penalties	5,511.99	3,856.14	16,739.64	11,537.37
TOTAL REVENUES	6,060.44	2,895.02	286,507.06	295,073.95
OTHER INCOME				
Interest Income	1,137.46	1,443.64	6,318.36	8,975.19
Non Utility Other Loss	0.00	0.00	-5,000.00	-5,000.00
TOTAL OTHER INCOME	1,137.46	1,443.64	1,318.36	3,975.19
TOTAL REVENUE	7,197.90	4,338.66	287,825.42	299,049.14
OPERATION & MAINTENANCE EXP.				
Salaries	20,720.49	20,093.65	106,039.00	104,946.53
Pension/Benefits	8,047.03	8,590.08	41,424.73	34,510.64
Fuel & Power for Pumping	7,717.24	6,874.95	43,484.39	39,769.13
Purification	5,456.43	884.88	13,710.71	10,641.63
Distribution	186.74	27,396.82	19,607.96	57,213.04
Meter Department	617.92	768.15	4,865.00	5,720.50
Customer Service	1,048.76	741.12	7,155.28	6,493.27
Administration & General	1,228.12	3,535.83	12,187.36	12,017.37
Insurance/Retirement Expense	1,728.20	1,752.00	8,928.03	8,834.34
Payroll Expense	1,704.14	1,632.55	9,469.47	9,606.13
Interest & Bond Dis Expenses	7,915.73	8,640.73	39,578.65	43,203.65
Depreciation Expense	16,300.00	15,400.00	81,500.00	77,000.00
TOTAL O & M EXPENSES	72,670.80	96,310.76	387,950.58	409,956.23
NET INCOME OR (LOSS)	-65,472.90	-91,972.10	-100,125.16	-110,907.09

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 5/31/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	24,721.24	6,158.40	18,562.84
Cash - Operation Account	55,144.67	43,115.18	12,029.49
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	21,066.56	20,959.57	106.99
A & B Bond Funds	267,803.02	256,390.53	11,412.49
KIA Debt Service Reserve	185,677.05	185,037.05	640.00
Customer Accounts Receivable	3,183.17	90,164.95	-86,981.78
Bad Debt Reserve	-4,491.77	-4,491.77	0.00
Accured Interest Receivable	0.00	0.00	0.00
Bond Discount & Issue Expense	189,985.00	191,240.73	-1,255.73
Amortization Reserve	-76,350.24	-76,100.24	-250.00
Clearing Account	0.11	0.11	0.00
Prepaid Insurance	7,047.77	8,841.40	-1,793.63
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	6,071,246.86	6,064,199.28	7,047.58
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	646,795.95	646,795.95	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	376,569.98	374,845.98	1,724.00
Depreciation Reserve	-3,091,603.34	-3,075,303.34	-16,300.00
TOTAL ASSETS	5,380,899.97	5,435,957.72	-55,057.75

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 5/31/2002

LIABILITIES	Current YTD	Prev Month YTD	Variance
Accounts Payable	17,414.91	16,028.39	1,386.52
Customer Deposits Payable	21,335.39	21,228.40	106.99
Payroll Withholding	-18.23	2,138.96	-2,157.19
Taxes Payable	4,277.84	5,252.01	-974.17
Accured Interest	28,147.50	21,519.50	6,628.00
Contributions in Aid of Const.	1,885,603.83	1,880,178.83	5,425.00
Bonds Payable	190,000.00	190,000.00	0.00
KIA Loan	1,309,119.57	1,309,119.57	0.00
TOTAL LIABILITIES	3,455,880.81	3,445,465.66	10,415.15
EQUITY			
Surplus	2,025,144.32	2,025,144.32	0.00
Y-T-D Profit or (Loss)	-100,125.16	-34,652.26	-65,472.90
TOTAL EQUITY	1,925,019.16	1,990,492.06	-65,472.90
TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,380,899.97	5,435,957.72	-55,057.75

UNAUDITED

North Marshall Water District
 Income Statement
 Reporting 6/1/2002 To 6/30/2002

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	26.11	65.67	42.11	189.36
Water Revenue	164,500.84	172,855.33	429,017.73	445,584.14
Wholesale Water Revenue	0.00	0.00	7,144.12	15,164.68
Leak Adjustments	0.00	247.49	-1,909.59	-4,233.11
Penalties	1,201.62	455.49	17,941.26	11,992.86
TOTAL REVENUES	165,728.57	173,623.98	452,235.63	468,697.93
OTHER INCOME				
Interest Income	1,592.88	3,465.72	7,911.24	12,440.91
Non Utility Other Loss	0.00	0.00	-5,000.00	-5,000.00
TOTAL OTHER INCOME	1,592.88	3,465.72	2,911.24	7,440.91
TOTAL REVENUE	167,321.45	177,089.70	455,146.87	476,138.84
OPERATION & MAINTENANCE EXP.				
Salaries	26,003.89	20,018.99	132,042.89	124,965.52
Pension/Benefits	7,060.17	7,632.36	48,484.90	42,143.00
Fuel & Power for Pumping	8,947.91	7,481.95	52,432.30	47,251.08
Purification	7,009.52	17,274.50	20,720.23	27,916.13
Distribution	16,425.52	1,398.22	36,033.48	58,611.26
Meter Department	771.76	902.50	5,636.76	6,623.00
Customer Service	2,439.90	4,166.90	9,595.18	10,660.17
Administration & General	3,102.93	4,009.23	15,290.29	16,026.60
Insurance Expense	2,248.00	1,375.00	11,176.03	10,209.34
Payroll Expense	1,695.11	1,569.10	11,164.58	11,175.23
Interest & Bond Dis Expenses	7,915.73	8,640.73	47,494.38	51,844.38
Depreciation Expense	16,300.00	15,400.00	97,800.00	92,400.00
TOTAL O & M EXPENSES	99,920.44	89,869.48	487,871.02	499,825.71
NET INCOME OR (LOSS)	67,401.01	87,220.22	-32,724.15	-23,686.87

UNAUDITED

North Marshall Water District
Balance Sheet
Reporting as of 6/30/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	14,678.04	24,721.24	-10,043.20
Cash - Operation Account	24,989.70	55,144.67	-30,154.97
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	20,942.02	21,066.56	-124.54
A & B Bond Funds	152,692.39	267,803.02	-115,110.63
KIA Debt Service Reserve	186,317.05	185,677.05	640.00
Customer Accounts Receivable	161,444.21	3,183.17	158,261.04
Bad Debt Reserve	-4,491.77	-4,491.77	0.00
Accrued Interest Receivable	0.00	0.00	0.00
Bond Discount & Issue Expense	188,729.27	189,985.00	-1,255.73
Amortization Reserve	-76,600.24	-76,350.24	-250.00
Clearing Account	0.11	0.11	0.00
Prepaid Insurance	5,466.81	7,047.77	-1,580.96
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	6,085,150.75	6,071,246.86	13,903.89
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	649,677.90	646,795.95	2,881.95
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	376,569.98	376,569.98	0.00
Depreciation Reserve	-3,107,903.34	-3,091,603.34	-16,300.00
TOTAL ASSETS	5,381,766.82	5,380,899.97	866.85

UNAUDITED

North Marshall Water District
Balance Sheet
Reporting as of 6/30/2002

LIABILITIES	Current YTD	Prev Month YTD	Variance
Accounts Payable			
Accured Payroll	33,723.03	17,414.91	16,308.12
Customer Deposits Payable	3,843.76	0.00	3,843.76
Payroll Withholding	21,210.85	21,335.39	-124.54
Taxes Payable	2,319.10	-18.23	2,337.33
Accured Interest	10,722.30	4,277.84	6,444.46
Contributions in Aid of Const.	2,251.81	28,147.50	-25,895.69
Bonds Payable	1,890,105.41	1,885,603.83	4,501.58
KIA Loan	190,000.00	190,000.00	0.00
	1,235,170.39	1,309,119.57	-73,949.18
TOTAL LIABILITIES	3,389,346.65	3,455,880.81	-66,534.16
EQUITY			
Surplus			
Y-T-D Profit or (Loss)	2,025,144.32	2,025,144.32	0.00
	-32,724.15	-100,125.16	67,401.01
TOTAL EQUITY	1,992,420.17	1,925,019.16	67,401.01
TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,381,766.82	5,380,899.97	866.85

UNAUDITED

North Marshall Water District
 Income Statement
 Reporting 7/1/2002 To 7/31/2002

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	5.74	41.89	47.85	231.25
Water Revenue	4,097.22	674.98	433,114.95	446,259.12
Wholesale Water Revenue	0.00	0.00	7,144.12	15,164.68
Leak Adjustments	-715.65	-675.70	-2,625.24	-4,908.81
Penalties	5,004.23	3,532.20	22,945.49	15,525.06
TOTAL REVENUES	8,391.54	3,573.37	460,627.17	472,271.30
OTHER INCOME				
Interest Income	834.26	1,274.08	8,745.50	13,714.99
Non Utility Other Loss	0.00	0.00	-5,000.00	-5,000.00
TOTAL OTHER INCOME	834.26	1,274.08	3,745.50	8,714.99
TOTAL REVENUE	9,225.80	4,847.45	464,372.67	480,986.29
OPERATION & MAINTENANCE EXP.				
Salaries	20,273.41	25,998.57	152,316.30	150,964.09
Pension/Benefits	5,234.15	7,471.84	53,719.05	49,614.84
Fuel & Power for Pumping	8,272.52	8,285.70	60,704.82	55,536.78
Purification	1,093.03	2,286.97	21,813.26	30,203.10
Distribution	435.75	3,381.89	36,469.23	61,993.15
Meter Department	742.80	812.18	6,379.56	7,435.18
Customer Service	2,427.93	839.09	12,023.11	11,499.26
Administration & General	1,183.16	1,912.81	16,473.45	17,939.41
Insurance Expense	1,824.96	1,375.00	13,000.99	11,584.34
Payroll Expense	1,803.71	2,026.56	12,968.29	13,201.79
Interest & Bond Dis Expenses	7,915.73	8,640.73	55,410.11	60,485.11
Depreciation Expense	16,300.00	15,400.00	114,100.00	107,800.00
TOTAL O & M EXPENSES	67,507.15	78,431.34	555,378.17	578,257.05
NET INCOME OR (LOSS)	-58,281.35	-73,583.89	-91,005.50	-97,270.76

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 7/31/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	80,767.46	14,678.04	66,089.42
Cash - Operation Account	43,836.86	24,989.70	18,847.16
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	21,435.01	20,942.02	492.99
A & B Bond Funds	163,797.93	152,692.39	11,105.54
KIA Debt Service Reserve	186,957.05	186,317.05	640.00
Customer Accounts Receivable	8,853.51	161,444.21	-152,590.70
Bad Debt Reserve	-4,491.77	-4,491.77	0.00
Accured Interest Receivable	0.00	0.00	0.00
Bond Discount & Issue Expense	187,473.54	188,729.27	-1,255.73
Amortization Reserve	-76,850.24	-76,600.24	-250.00
Clearing Account	0.11	0.11	0.00
Prepaid Insurance	3,641.85	5,466.81	-1,824.96
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	6,093,138.50	6,085,150.75	7,987.75
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	649,677.90	649,677.90	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	376,585.99	376,569.98	16.01
Depreciation Reserve	-3,124,203.34	-3,107,903.34	-16,300.00
TOTAL ASSETS	5,314,724.30	5,381,766.82	-67,042.52

UNAUDITED

North Marshall Water District
Balance Sheet
Reporting as of 7/31/2002

LIABILITIES	Current YTD	Prev Month YTD	Variance
Accounts Payable	25,288.00	33,723.03	-8,435.03
Accured Payroll	0.00	3,843.76	-3,843.76
Customer Deposits Payable	21,703.84	21,210.85	492.99
Payroll Withholding	3,071.16	2,319.10	752.06
Taxes Payable	10,827.13	10,722.30	104.83
Accured Interest	8,879.81	2,251.81	6,628.00
Contributions in Aid of Const.	1,895,055.41	1,890,105.41	4,950.00
Bonds Payable	190,000.00	190,000.00	0.00
KIA Loan	1,235,170.39	1,235,170.39	0.00
TOTAL LIABILITIES	3,389,995.74	3,389,346.65	649.09
EQUITY			
Surplus	2,025,144.32	2,025,144.32	0.00
Y-T-D Profit or (Loss)	-100,415.76	-32,724.15	-67,691.61
TOTAL EQUITY	1,924,728.56	1,992,420.17	-67,691.61
TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,314,724.30	5,381,766.82	-67,042.52

UNAUDITED

North Marshall Water District
 Income Statement
 Reporting 8/1/2002 To 8/31/2002

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	0.00	77.00	47.85	308.25
Water Revenue	184,881.84	156,442.62	617,996.79	602,701.74
Wholesale Water Revenue	0.00	32,539.55	7,144.12	47,704.23
Leak Adjustments	0.00	-615.55	-2,625.24	-5,524.36
Penalties	791.84	1,180.99	23,737.33	16,706.05
TOTAL REVENUES	185,673.68	189,624.61	646,300.85	661,895.91
OTHER INCOME				
Interest Income	828.45	1,125.26	9,573.95	14,840.25
Non Utility Other Loss	0.00	0.00	-5,000.00	-5,000.00
TOTAL OTHER INCOME	828.45	1,125.26	4,573.95	9,840.25
TOTAL REVENUE	186,502.13	190,749.87	650,874.80	671,736.16
OPERATION & MAINTENANCE EXP.				
Salaries	23,556.78	25,393.41	175,873.08	176,357.50
Pension/Benefits	5,515.22	7,953.74	60,054.19	57,568.58
Fuel & Power for Pumping	6,777.67	9,803.21	67,709.74	65,339.99
Purification	2,408.17	2,599.15	27,879.79	32,802.25
Distribution	5,581.80	29,427.33	45,512.20	91,420.48
Meter Department	1,242.47	2,029.68	7,747.93	9,464.86
Customer Service	2,185.93	2,791.68	14,785.55	14,290.94
Administration & General	1,287.14	2,719.10	18,301.74	20,658.51
Insurance Expense	1,710.11	1,375.00	14,711.10	12,959.34
Payroll Expense	1,762.71	1,980.27	14,731.00	15,182.06
Interest & Bond Dis Expenses	7,915.73	8,640.73	63,325.84	69,125.84
Depreciation Expense	16,300.00	15,400.00	130,400.00	123,200.00
TOTAL O & M EXPENSES	76,243.73	110,113.30	641,032.16	688,370.35
NET INCOME OR (LOSS)	110,258.40	80,636.57	9,842.64	-16,634.19

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 8/31/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	45,681.68	80,767.46	-35,085.78
Cash - Operation Account	22,578.86	43,836.86	-21,258.00
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	21,921.89	21,435.01	486.88
A & B Bond Funds	174,906.85	163,797.93	11,108.92
KIA Debt Service Reserve	187,597.05	186,957.05	640.00
Customer Accounts Receivable	163,312.85	8,853.51	154,459.34
Bad Debt Reserve	-4,491.77	-4,491.77	0.00
Accrued Interest Receivable	0.00	0.00	0.00
Bond Discount & Issue Expense	186,217.81	187,473.54	-1,255.73
Amortization Reserve	-77,100.24	-76,850.24	-250.00
Clearing Account	-0.19	0.11	-0.30
Prepaid Insurance	13,311.89	3,641.85	9,670.04
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	6,099,445.74	6,093,138.50	6,307.24
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	649,677.90	649,677.90	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	376,585.99	376,585.99	0.00
Depreciation Reserve	-3,140,503.34	-3,124,203.34	-16,300.00
TOTAL ASSETS	5,423,246.91	5,314,724.30	108,522.61

UNAUDITED

**North Marshall Water District
Balance Sheet
Reporting as of 8/31/2002**

	Current YTD	Prev Month YTD	Variance
LIABILITIES			
Accounts Payable	16,636.16	25,288.00	-8,651.84
Customer Deposits Payable	22,190.72	21,703.84	486.88
Payroll Withholding	1,923.84	3,071.16	-1,147.32
Taxes Payable	7,450.62	10,827.13	-3,376.51
Accured Interest	15,507.81	8,879.81	6,628.00
Contributions in Aid of Const.	1,899,380.41	1,895,055.41	4,325.00
Bonds Payable	190,000.00	190,000.00	0.00
KIA Loan	1,235,170.39	1,235,170.39	0.00
TOTAL LIABILITIES	3,388,259.95	3,389,995.74	-1,735.79
EQUITY			
Surplus	2,025,144.32	2,025,144.32	0.00
Y-T-D Profit or (Loss)	9,842.64	-100,415.76	110,258.40
TOTAL EQUITY	2,034,986.96	1,924,728.56	110,258.40
TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,423,246.91	5,314,724.30	108,522.61

UNAUDITED

**North Marshall Water District
Income Statement
Reporting 9/1/2002 To 9/30/2002**

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	55.00	41.00	102.85	349.25
Water Revenue	-1,023.22	-517.41	616,973.57	602,184.33
Wholesale Water Revenue	0.00	0.00	7,144.12	47,704.23
Leak Adjustments	-859.76	-136.85	-3,485.00	-5,661.21
Penalties	3,839.04	4,436.47	27,576.37	21,142.52
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TOTAL REVENUES	2,011.06	3,823.21	648,311.91	665,719.12
OTHER INCOME				
Interest Income	1,387.34	3,244.51	10,961.29	18,084.76
Non Utility Other Loss	0.00	0.00	-5,000.00	-5,000.00
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TOTAL OTHER INCOME	1,387.34	3,244.51	5,961.29	13,084.76
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TOTAL REVENUE	3,398.40	7,067.72	654,273.20	678,803.88
OPERATION & MAINTENANCE EXP.				
Salaries	19,874.48	20,748.05	195,747.56	197,105.55
Pension/Benefits	5,607.04	7,638.62	65,661.23	65,207.20
Fuel & Power for Pumping	10,515.99	9,575.02	78,225.73	74,915.01
Purification	2,464.53	3,384.31	30,344.32	36,186.56
Distribution	21,619.46	5,499.53	67,131.66	96,920.01
Meter Department	686.21	1,904.04	8,434.14	11,368.90
Customer Service	1,738.22	1,061.08	16,523.77	15,352.02
Administration & General	1,488.96	2,196.58	19,790.70	22,855.09
Insurance Expense	1,185.60	1,375.00	15,896.70	14,334.34
Payroll Expense	1,456.93	1,272.79	16,187.93	16,454.85
Interest & Bond Dis Expenses	7,915.73	8,640.73	71,241.57	77,766.57
Depreciation Expense	16,300.00	15,400.00	146,700.00	138,600.00
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TOTAL O & M EXPENSES	90,853.15	78,695.75	731,885.31	767,066.10
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NET INCOME OR (LOSS)	-87,454.75	-71,628.03	-77,612.11	-88,262.22
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UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 9/30/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	136,753.46	45,681.68	91,071.78
Cash - Operation Account	13,856.94	22,578.86	-8,721.92
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	22,090.56	21,921.89	168.67
A & B Bond Funds	186,534.59	174,906.85	11,627.74
KIA Debt Service Reserve	188,237.05	187,597.05	640.00
Customer Accounts Receivable	6,425.50	163,312.85	-156,887.35
Bad Debt Reserve	-4,491.77	-4,491.77	0.00
Accured Interest Receivable	0.00	0.00	0.00
Bond Discount & Issue Expense	184,962.08	186,217.81	-1,255.73
Amortization Reserve	-77,350.24	-77,100.24	-250.00
Clearing Account	-0.19	-0.19	0.00
Prepaid Insurance	11,511.89	13,311.89	-1,800.00
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	6,105,866.86	6,099,445.74	6,421.12
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	649,677.90	649,677.90	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	376,585.99	376,585.99	0.00
Depreciation Reserve	-3,156,803.34	-3,140,503.34	-16,300.00
TOTAL ASSETS	5,347,961.22	5,423,246.91	-75,285.69

UNAUDITED

North Marshall Water District
Balance Sheet
Reporting as of 9/30/2002

	Current YTD	Prev Month YTD	Variance
LIABILITIES			
Accounts Payable	19,588.99	16,636.16	2,952.83
Accrued Payroll	0.00	0.00	0.00
Customer Deposits Payable	22,359.39	22,190.72	168.67
Payroll Withholding	159.78	1,923.84	-1,764.06
Taxes Payable	7,433.42	7,450.62	-17.20
Accrued Interest	22,135.81	15,507.81	6,628.00
Contributions in Aid of Const.	1,903,581.23	1,899,380.41	4,200.82
Bonds Payable	190,000.00	190,000.00	0.00
KIA Loan	1,235,170.39	1,235,170.39	0.00
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TOTAL LIABILITIES	3,400,429.01	3,388,259.95	12,169.06
EQUITY			
Surplus	2,025,144.32	2,025,144.32	0.00
Y-T-D Profit or (Loss)	-77,612.11	9,842.64	-87,454.75
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TOTAL EQUITY	1,947,532.21	2,034,986.96	-87,454.75
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TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,347,961.22	5,423,246.91	-75,285.69
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UNAUDITED

**North Marshall Water District
Income Statement
Reporting 10/1/2002 To 10/31/2002**

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	0.00	8.50	102.85	357.75
Water Revenue	181,809.50	176,759.12	798,783.07	778,943.45
Wholesale Water Revenue	0.00	-7,558.61	7,144.12	40,145.62
Leak Adjustments	0.00	-3,704.35	-3,485.00	-9,365.56
Penalties	2,560.69	523.95	30,137.06	21,666.47
TOTAL REVENUES	184,370.19	166,028.61	832,682.10	831,747.73
OTHER INCOME				
Interest Income	929.27	1,120.31	11,890.56	19,205.07
Non Utility Other Loss	0.00	0.00	-5,000.00	-5,000.00
TOTAL OTHER INCOME	929.27	1,120.31	6,890.56	14,205.07
TOTAL REVENUE	185,299.46	167,148.92	839,572.66	845,952.80
OPERATION & MAINTENANCE EXP.				
Salaries	20,157.77	20,233.61	215,905.33	217,339.16
Pension/Benefits	5,418.79	7,814.37	71,080.02	73,021.57
Fuel & Power for Pumping	7,443.04	9,128.79	85,668.77	84,043.80
Purification	-923.51	3,017.66	29,420.81	39,204.22
Distribution	17,420.94	2,941.95	84,552.60	99,861.96
Meter Department	1,607.43	1,229.05	10,041.57	12,597.95
Customer Service	3,373.98	3,270.31	19,897.75	18,622.33
Administration & General	2,407.58	2,264.58	22,198.28	25,119.67
Insurance Expense	1,187.88	1,375.00	17,084.58	15,709.34
Payroll Expense	1,477.73	1,937.71	17,665.66	18,392.56
Interest & Bond Dis Expenses	7,915.73	8,640.73	79,157.30	86,407.30
Depreciation Expense	16,300.00	15,400.00	163,000.00	154,000.00
TOTAL O & M EXPENSES	83,787.36	77,253.76	815,672.67	844,319.86
NET INCOME OR (LOSS)	101,512.10	89,895.16	23,899.99	1,632.94

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 10/31/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	87,912.12	136,753.46	-48,841.34
Cash - Operation Account	18,425.20	13,856.94	4,568.26
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	22,437.15	22,090.56	346.59
A & B Bond Funds	197,709.11	186,534.59	11,174.52
KIA Debt Service Reserve	188,877.05	188,237.05	640.00
Customer Accounts Receivable	157,783.88	6,425.50	151,358.38
Bad Debt Reserve	-4,491.77	-4,491.77	0.00
Accured Interest Receivable	0.00	0.00	0.00
Bond Discount & Issue Expense	183,706.35	184,962.08	-1,255.73
Amortization Reserve	-77,600.24	-77,350.24	-250.00
Clearing Account	-0.19	-0.19	0.00
Prepaid Insurance	14,780.89	11,511.89	3,269.00
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	6,112,407.93	6,105,866.86	6,541.07
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	649,677.90	649,677.90	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	376,585.99	376,585.99	0.00
Depreciation Reserve	-3,173,103.34	-3,156,803.34	-16,300.00
TOTAL ASSETS	5,459,211.97	5,347,961.22	111,250.75

UNAUDITED

**North Marshall Water District
Balance Sheet
Reporting as of 10/31/2002**

LIABILITIES	Current YTD	Prev Month YTD	Variance
Accounts Payable	23,683.99	19,588.99	4,095.00
Accured Payroll	0.00	0.00	0.00
Customer Deposits Payable	22,705.98	22,359.39	346.59
Payroll Withholding	-1,847.76	159.78	-2,007.54
Taxes Payable	7,214.30	7,433.42	-219.12
Accured Interest	23,763.81	22,135.81	1,628.00
Contributions in Aid of Const.	1,909,476.95	1,903,581.23	5,895.72
Bonds Payable	190,000.00	190,000.00	0.00
KIA Loan	1,235,170.39	1,235,170.39	0.00
TOTAL LIABILITIES	3,410,167.66	3,400,429.01	9,738.65
EQUITY			
Surplus	2,025,144.32	2,025,144.32	0.00
Y-T-D Profit or (Loss)	23,899.99	-77,612.11	101,512.10
TOTAL EQUITY	2,049,044.31	1,947,532.21	101,512.10
TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,459,211.97	5,347,961.22	111,250.75

UNAUDITED

**North Marshall Water District
Income Statement
Reporting 11/1/2002 To 11/30/2002**

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	0.00	0.00	102.85	357.75
Water Revenue	591.23	-1,500.57	799,374.30	777,442.88
Wholesale Water Revenue	0.00	0.00	7,144.12	40,145.62
Leak Adjustments	-2,166.40	-292.34	-5,651.40	-9,657.90
Penalties	6,909.75	3,557.76	37,046.81	25,224.23
TOTAL REVENUES	5,334.58	1,764.85	838,016.68	833,512.58
OTHER INCOME				
Interest Income	961.20	1,170.50	12,851.76	20,375.57
Non Utility Other Loss	0.00	0.00	-5,000.00	-5,000.00
TOTAL OTHER INCOME	961.20	1,170.50	7,851.76	15,375.57
TOTAL REVENUE	6,295.78	2,935.35	845,868.44	848,888.15
OPERATION & MAINTENANCE EXP.				
Salaries	23,912.48	21,057.24	239,817.81	238,396.40
Pension/Benefits	6,765.16	7,280.55	77,845.18	80,302.12
Fuel & Power for Pumping	7,697.27	8,371.26	93,366.04	92,415.06
Purification	2,265.05	4,427.00	31,685.86	43,631.22
Distribution	6,706.15	26,055.99	91,258.75	125,917.95
Meter Department	2,363.67	731.74	12,405.24	13,329.69
Customer Service	855.15	1,288.02	20,752.90	19,910.35
Administration & General	1,972.41	3,023.89	24,170.69	28,143.56
Insurance Expense	2,755.77	1,375.00	19,840.35	17,084.34
Payroll Expense	1,738.88	1,648.57	19,404.54	20,041.13
Interest & Bond Dis Expenses	3,708.98	8,640.73	82,866.28	95,048.03
Depreciation Expense	16,300.00	15,400.00	179,300.00	169,400.00
Rent Expense	600.00	600.00	600.00	600.00
TOTAL O & M EXPENSES	77,640.97	99,899.99	893,313.64	944,219.85
NET INCOME OR (LOSS)	-71,345.19	-96,964.64	-47,445.20	-95,331.70

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 11/30/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	172,837.41	87,912.12	84,925.29
Cash - Operation Account	37,665.56	18,425.20	19,240.36
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	22,310.26	22,437.15	-126.89
A & B Bond Funds	208,889.24	197,709.11	11,180.13
KIA Debt Service Reserve	189,517.05	188,877.05	640.00
Customer Accounts Receivable	6,900.77	157,783.88	-150,883.11
Bad Debt Reserve	-4,491.77	-4,491.77	0.00
Accured Interest Receivable	0.00	0.00	0.00
Bond Discount & Issue Expense	182,450.62	183,706.35	-1,255.73
Amortization Reserve	-77,850.24	-77,600.24	-250.00
Clearing Account	-0.19	-0.19	0.00
Prepaid Insurance	11,259.97	14,780.89	-3,520.92
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	6,121,650.01	6,112,407.93	9,242.08
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	649,677.90	649,677.90	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	376,585.99	376,585.99	0.00
Depreciation Reserve	-3,189,403.34	-3,173,103.34	-16,300.00
TOTAL ASSETS	5,412,103.18	5,459,211.97	-47,108.79

UNAUDITED

**North Marshall Water District
Balance Sheet
Reporting as of 11/30/2002**

	Current YTD	Prev Month YTD	Variance
LIABILITIES			
Accounts Payable	38,204.00	23,683.99	14,520.01
Customer Deposits Payable	22,579.09	22,705.98	-126.89
Payroll Withholding	2,198.34	-1,847.76	4,046.10
Taxes Payable	7,114.23	7,214.30	-100.07
Accured Interest	26,185.06	23,763.81	2,421.25
Contributions in Aid of Const.	1,912,952.95	1,909,476.95	3,476.00
Bonds Payable	190,000.00	190,000.00	0.00
KIA Loan	1,235,170.39	1,235,170.39	0.00
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TOTAL LIABILITIES	3,434,404.06	3,410,167.66	24,236.40
EQUITY			
Surplus	2,025,144.32	2,025,144.32	0.00
Y-T-D Profit or (Loss)	-47,445.20	23,899.99	-71,345.19
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TOTAL EQUITY	1,977,699.12	2,049,044.31	-71,345.19
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TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,412,103.18	5,459,211.97	-47,108.79
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UNAUDITED

North Marshall Water District
 Income Statement
 Reporting 12/1/2002 To 12/31/2002

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	ACTUAL	LAST YEAR	ACTUAL	LAST YEAR
REVENUE				
OPERATING INCOME				
Metered Sales-Bulk	40.00	602.53	142.85	960.28
Water Revenue	138,898.66	147,152.81	938,272.96	924,595.69
Wholesale Water Revenue	2,804.80	7,144.12	9,948.92	47,289.74
Leak Adjustments	0.00	0.00	-5,651.40	-9,657.90
Penalties	827.98	264.93	37,874.79	25,489.16
TOTAL REVENUES	142,571.44	155,164.39	980,588.12	988,676.97
OTHER INCOME				
Interest Income	1,433.55	2,380.64	14,285.31	22,756.21
Non Utility Other Loss	0.00	0.00	-5,000.00	-5,000.00
TOTAL OTHER INCOME	1,433.55	2,380.64	9,285.31	17,756.21
TOTAL REVENUE	144,004.99	157,545.03	989,873.43	1,006,433.18
OPERATION & MAINTENANCE EXP.				
Salaries	18,639.62	26,976.88	258,457.43	265,373.28
Pension/Benefits	6,099.07	6,894.40	83,944.25	87,196.52
Fuel & Power for Pumping	8,128.21	8,147.78	101,494.25	100,562.84
Purification	8,294.86	-5,181.59	39,980.72	38,449.63
Distribution	27,628.18	3,844.26	118,886.93	129,762.21
Meter Department	1,151.31	1,258.84	13,556.55	14,588.53
Customer Service	3,873.58	1,100.08	24,626.48	21,010.43
Administration & General	1,445.09	1,192.48	25,615.78	29,336.04
Insurance Expense	1,798.41	6,892.17	21,638.76	23,976.51
Payroll Expense	1,714.44	2,210.09	21,118.98	22,251.22
Interest & Bond Dis Expenses	7,232.15	3,976.50	90,098.43	99,024.53
Depreciation Expense	16,300.00	15,400.00	195,600.00	184,800.00
Bad Debt Expense	500.00	500.00	500.00	500.00
Rent Expense	0.00	0.00	600.00	600.00
TOTAL O & M EXPENSES	102,804.92	73,211.89	996,118.56	1,017,431.74
NET INCOME OR (LOSS)	41,200.07	84,333.14	-6,245.13	-10,998.56

UNAUDITED

North Marshall Water District
 Balance Sheet
 Reporting as of 12/31/2002

ASSETS	Current YTD	Prev Month YTD	Variance
Cash - Revenue Account	27,063.18	172,837.41	-145,774.23
Cash - Operation Account	59,718.14	37,665.56	22,052.58
Cash - On Hand & Petty	500.00	500.00	0.00
Cash - Customer Deposits	21,921.73	22,310.26	-388.53
A & B Bond Funds	220,584.34	208,889.24	11,695.10
KIA Debt Service Reserve	190,157.05	189,517.05	640.00
Customer Accounts Receivable	151,607.00	6,900.77	144,706.23
Bad Debt Reserve	-4,991.77	-4,491.77	-500.00
Accrued Interest Receivable	0.00	0.00	0.00
Bond Discount & Issue Expense	181,194.89	182,450.62	-1,255.73
Amortization Reserve	-78,100.24	-77,850.24	-250.00
Clearing Account	-0.19	-0.19	0.00
In Service/Const in Progress	8,775.00	0.00	8,775.00
Prepaid Insurance	8,849.44	11,259.97	-2,410.53
Land & Land Rights	63,679.05	63,679.05	0.00
Transmission & Distribution	6,144,677.47	6,121,650.01	23,027.46
Source of Supply	580,759.67	580,759.67	0.00
Pumping Plant	649,677.90	649,677.90	0.00
Treatment Plant Struc & Improve	20,422.47	20,422.47	0.00
Treatment Plant Equipment	38,742.75	38,742.75	0.00
General Plant	376,585.99	376,585.99	0.00
Depreciation Reserve	-3,205,703.34	-3,189,403.34	-16,300.00
TOTAL ASSETS	5,456,120.53	5,412,103.18	44,017.35

UNAUDITED

North Marshall Water District
Balance Sheet
Reporting as of 12/31/2002

	Current YTD	Prev Month YTD	Variance
LIABILITIES			
Accounts Payable	61,887.91	38,204.00	23,683.91
Accured Payroll	1,791.57	0.00	1,791.57
Customer Deposits Payable	22,190.56	22,579.09	-388.53
Payroll Withholding	824.83	2,198.34	-1,373.51
Taxes Payable	5,650.15	7,114.23	-1,464.08
Accured Interest	1,652.98	26,185.06	-24,532.08
Contributions in Aid of Const.	1,918,052.95	1,912,952.95	5,100.00
Bonds Payable	190,000.00	190,000.00	0.00
KIA Loan	1,235,170.39	1,235,170.39	0.00
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TOTAL LIABILITIES	3,437,221.34	3,434,404.06	2,817.28
EQUITY			
Surplus	2,025,144.32	2,025,144.32	0.00
Y-T-D Profit or (Loss)	-6,245.13	-47,445.20	41,200.07
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TOTAL EQUITY	2,018,899.19	1,977,699.12	41,200.07
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TOTAL LIABILITIES & EQUITY/FUND BALANCE	5,456,120.53	5,412,103.18	44,017.35
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UNAUDITED